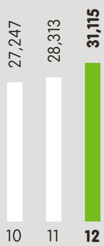
ANNUAL REPORT 2012

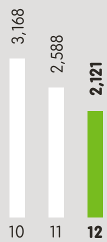
SYZYGY

KEY FINANCIAL FIGURES

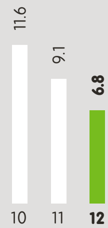
SALES
IN EUR'000



EBIT
IN EUR'000

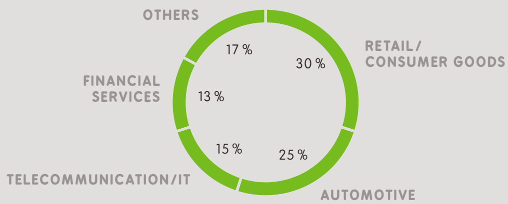


EBIT MARGIN
IN %

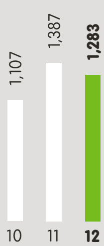


SALES AND EBIT MARGIN BY SEGMENTS
IN EUR'000

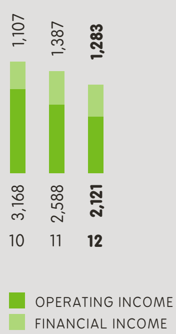
SALES ALLOCATION BY VERTICAL MARKETS



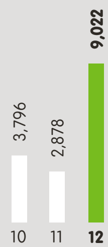
FINANCIAL INCOME
IN EUR'000



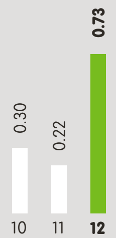
RATIO OF OPERATING INCOME TO FINANCIAL INCOME
IN EUR'000



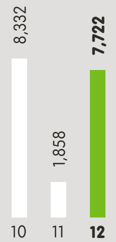
NET INCOME
IN EUR'000



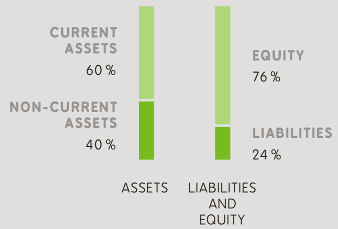
EARNINGS PER SHARE
IN EUR



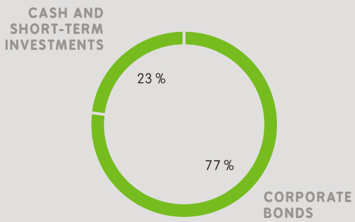
DEVELOPMENT OF OPERATING CASH FLOWS
IN EUR'000



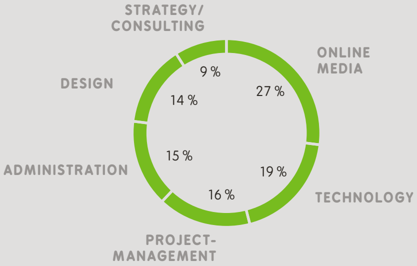
BALANCE SHEET STRUCTURE



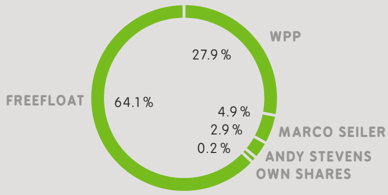
PORTFOLIO STRUCTURE OF CASH AND MARKETABLE SECURITIES



EMPLOYEES BY FUNCTION



SHAREHOLDER STRUCTURE



syzygy.net

Board Members' Statement

Dear Shareholders,

We are able to report on a good year for the SYZYGY Group. Investment in the German market is starting to bear fruit. Gaining impressive new clients is an indication of increased competitiveness and has boosted business in Germany in particular. We are making good progress and are pleased to be able to propose an increase in the dividend of 25 per cent to EUR 0.25 to the Annual General Meeting. This means SYZYGY shares are delivering a dividend yield of 5 to 7 per cent for the fourth year in a row, which represents one of the strongest performances in Germany.

THE GROUP'S FINANCIAL RESULTS

Sales of the SYZYGY Group totalled EUR 31.1 million in the year under review, corresponding to organic growth of 10 per cent. Operating income (EBIT) was 18 per cent down on the previous year due to investments in Germany and amounted to EUR 2.1 million. The majority of the investment was on establishing Hi-ReS! Berlin GmbH and setting up a branch in central Frankfurt.

Financial income was 7 per cent lower than in the previous year at EUR 1.3 million.

Net income was boosted considerably in the year under review as a result of special tax-related circumstances arising from a successful legal appeal, increasing by 213 per cent to a total of EUR 9.0 million.

EARNINGS PER SHARE

Earnings per share rose by 232 per cent to EUR 0.73 in the year under review, of which EUR 0.54 was attributable to the tax effect. In keeping with our sustainable and attractive dividend policy, we have agreed with the Supervisory Board to propose a dividend of EUR 0.25 to the Annual General Meeting. This corresponds to an increase of 25 per cent compared with the previous year and represents a dividend yield of 6.9 per cent based on the XETRA closing price of SYZYGY shares on 28 December 2012.

Andy Stevens
COO

Marco Seiler
CEO

BUSINESS SEGMENTS AND ACTIVITIES

Although the German economy was affected by the euro crisis in 2012 and lost significant momentum, the Germany segment performed very positively. In total, our German companies were able to increase their sales organically by 15 per cent, an outstanding figure compared to our competitors. Growth was driven by the expansion of existing business relationships and new client acquisitions. The most significant new acquisition was BMW AG, who have entrusted our Berlin company with building their central brand platform on the Internet.

Results in the UK segment were negatively affected by substantial budget cuts made by one of SYZYGY UK Ltd's major clients. In contrast, uniquedigital in the UK experienced a marked revival in its online media business. In total, sales were down 4 per cent on those of the previous year.

Looking at the business areas individually, sales of the SYZYGY Group increased by 6 per cent in design & build and by 23 per cent in online media.

THE POST-PC ERA HAS DAWNED

The current pace of innovation is breathtaking. New platforms such as the iPad and smartphones have ushered in a post-PC era and are fundamentally changing the way we behave. They offer companies new opportunities for acquiring and retaining customers. At the same time, technologies in the big data world allow vast amounts of data to be processed, so they can be used for detailed investigation of customers' needs and preferences. This adds a new dimension to the customer approach, while products and services can be tailored for maximum relevance.

Never since the Internet began to be used by the masses have so many technological innovations seen the light of day as is the case now.

At this point, we would like to draw your attention to the essay on pages 8-13 of this Annual Report, which examines the innovation potential of the digital age.

STRATEGY

Technology is part of our corporate DNA, and technology is playing an ever greater role when it comes to marketing products and creating brands. We will continue to expand our technological expertise. In addition to leading the way in our core areas as a provider of creative and media services, we intend to play a major role in analytical services. This can include performance measurement (web analytics), cross-channel analysis and optimising user experiences via new analysis and test procedures. These additional services will strengthen the SYZYGY Group's portfolio of consultancy skills and position us as the competent partner of choice for blue chip companies and hidden champions.

OUTLOOK

The outlook for the SYZYGY Group is positive. We once again expect to see organic growth in double figures. Our planning also shows that earnings will grow faster than sales.

At the same time, we aim to maintain the dividend policy of the SYZYGY Group. We therefore plan to continue offering the Annual General Meeting a dividend that corresponds to a dividend yield of 5 to 7 per cent. We want SYZYGY shares to retain their status as strong dividend payers and remain an interesting small cap that stands for growth, continuity and a high dividend yield.

The Management Board of the SYZYGY Group would like to thank its customers and you, the loyal and valued shareholders of SYZYGY AG. Our sincere thanks also go to all the people and their families who comprise and support the SYZYGY Group. The SYZYGY Group has a huge reservoir of talent and a wealth of experience that turns our customers into winners in the digital age. We are proud of the individuals in the SYZYGY Group who are harnessing their curiosity about changing behaviour and their fascination with technology to shape the future of communication in the digital age.

Special thanks go once again to the members of the Supervisory Board. As in previous years, the Supervisory Board's wealth of experience and expertise has been an important cornerstone for the development of the SYZYGY Group.

The Management Board

The SYZYGY Group

SYZYGY is an international digital marketing agency group with some 350 employees and offices in Bad Homburg, Berlin, Frankfurt, Hamburg, London, New York and Warsaw. By keeping our fascination and curiosity for technology, brands and cultures, we create interactive experiences, that move people and simplify processes. And which deliver results for our clients.

SYZYGY

Digital Communication

SYZYGY.CO.UK
SYZYGY.DE

SYZYGY develops international websites and platforms, which bring brands to life online and boost sales. Always driven by a deep understanding of strategic brand management, technology, and user expectation.

unique

Online Media

UNIQUEDIGITAL.CO.UK
UNIQUEDIGITAL.DE

The service portfolio of uniquedigital encompasses display media, search engine marketing and -optimisation, affiliate marketing and social media as well as consultancy in the area of webanalytics, conversion optimization and cross-channel marketing. unique's work has been honored with several renowned effectiveness awards.

Design Studio

HI-RES.NET

Multi-disciplinary design studio Hi-ReS! enjoys an enviable world-wide reputation for its interactive creativity. Clients of the boutique include brands like Jägermeister, BMW, Chanel, Dolce & Gabbana, Hogan, Dunhill, The Economist and Edun.

Design Studio

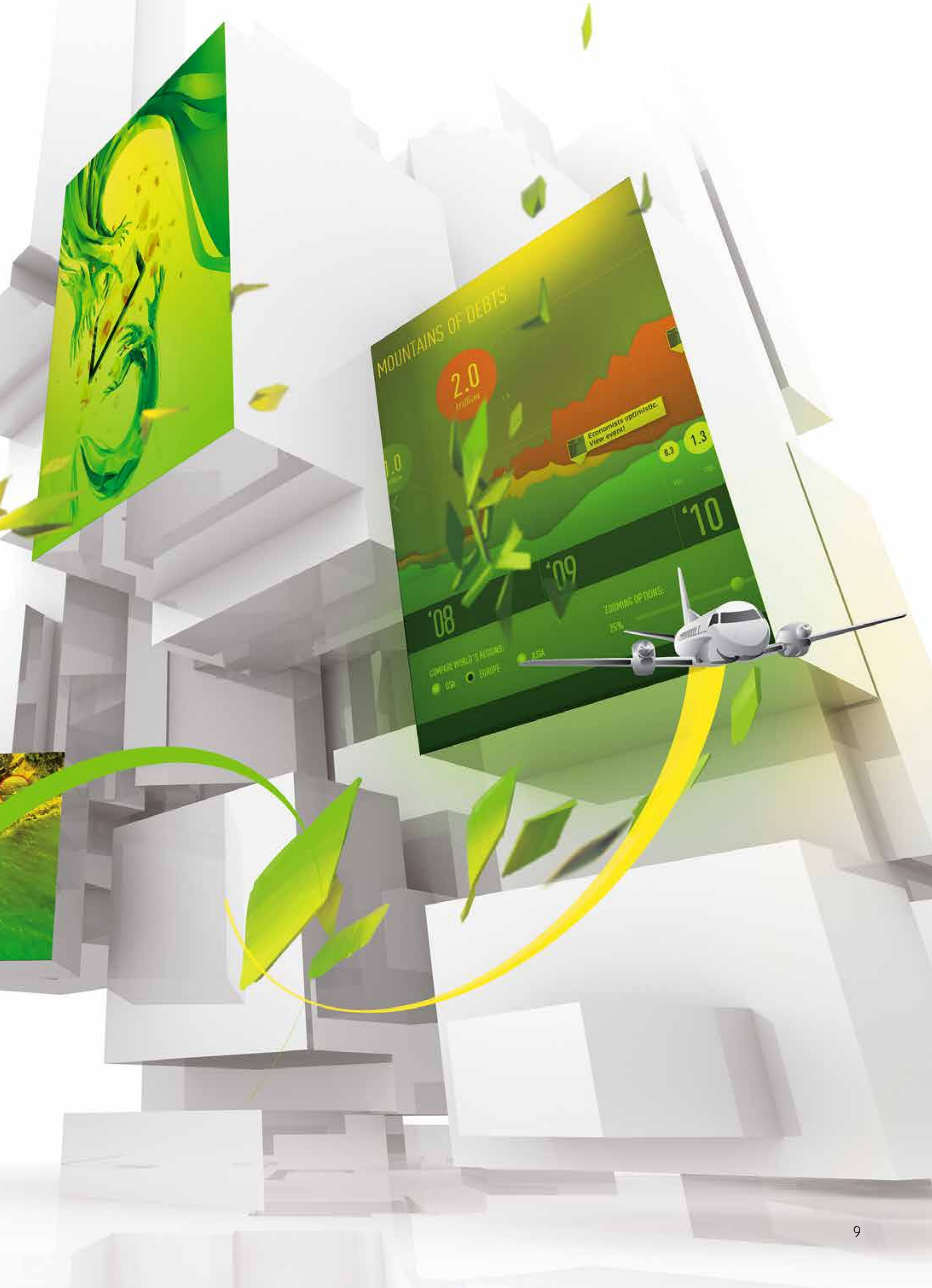
ARSTHANEA.COM

Warsaw-based agency Ars Thanea is internationally known for their high-quality output in the field of digital illustration, motion design and interactive design.
Brands such as Discovery Channel, Nike, Ubisoft, Visa, Nutricia and Nvidia trust in this first league team of professionals.

Digital Innovation: Re-Imagining the digital Experience

by Dr. Paul Marsden

As disruptive digital technology results in the re-imagination of how we experience nearly everything, the digital experience itself is being re-imagined. Media tablets, smartphones and connected objects are reinventing the digital experience and connecting people with companies in a deeper, more fundamental and personal way.


MOUNTAINS OF DEBTS
2.0
trillion
Economists optimistic:
View event!
0.3
1.3
'08
'09
'10
ZOOMING OPTIONS:
25%
COMPARE WORLD'S REGIONS:
USA
EUROPE
ASIA

WELCOME TO THE POST-PC ERA

Together, the smartphone and media tablet – with their natural gesture and voice controlled user interfaces – are replacing the laptop and desktop as our devices of choice for online connectivity. Smartphone sales now consistently outstrip those of PCs; in fact, more are sold everyday than humans are born. In 2012, media tablets made up one quarter of all computer sales, with Apple selling more iPads in 24 months than it sold Macs in 24 years. Combine this with the emerging category of connected devices – the wearable tech and smart appliances of the "Internet of Things" – and it becomes clear that our digital experiences are being re-imagined and reinvented for a post-PC world.

SECOND SCREENING

Take for example our experience of digital television. Despite predictions, the PC didn't become our TV. And for all the talk of an Internet TV revolution, TV manufacturers and broadcasters continue to deliver a distinctly 20th Century experience. Nevertheless, there is a very real revolution underway in our digital experience of television, and it's people-powered.

Armed with their tablets and smartphones, people are "second screening", using mobile devices whilst watching TV in order to enhance the experience. For instance, during primetime TV slots, up to half of all social media chatter now relates to TV.

Re-imagined as a companion screen experience, TV becomes a fertile ground for digital innovation. For example, Kraft Foods offers live social media commentary on TV content, whilst Coca-Cola uses its iconic animated polar bears to offer live second screen reactions to televised sports events. Energy drink Red Bull is pushing the boundaries of second screening by offering alternative Point of View-perspective camera angles of televised ski rides – from cameras attached to the skiers themselves.

And for the $250bn TV advertising market, second screening could help us re-imagine the thirty-second slot. A new breed of innovative second screen platforms such as Viggle, Zeebox and SYZYGY's own award-winning concept app GOAB offer exciting new interactive advertising possibilities whilst delivering a slicker, richer and more seductive second screen experience to the viewer.

Critically, these digital second screening innovations depend not only on technological prowess but also on re-imagining the digital TV experience itself. In fusing the art of imagination with the science of technology, the magic of meaningful digital innovation is unleashed.

DIGITAL POS

Take, for a second example, how digital commerce is being re-imagined and reinvented for our post-PC era. Rather than offering ever more and better ways of bringing the store to the digital screen, the latest frontier of digital commerce is all about bringing the digital screen to the store.

As part of the new integrated omnichannel retail experience, a new generation of digital point of sale (POS) technology is being shrunk into cost-effective in-store tablet stations and made available as smartphone store apps. For example, SYZYGY's tablet-based sales app for o2 sales staff matches product information with customer information in order to offer smart purchase recommendations. And our retailtainment app for Jägermeister in-store promotions, "Last Stag Standing" is part of a move to put the fun back into shopping and re-imagine the store as an experiential hub.

Again, whilst tablet and smartphone technology is making this digital innovation possible, it is only by re-imagining the digital experience itself as untethered from the desktop PC and the chains of history that the door to digital innovation is opened for our mobile-first multi-screen world.

BIG DATA

So how should we do it? How can we, as the architects of tomorrow's digital experiences, re-imagine how digital technology might help people better connect and interact with brands and businesses? A banner in NASA's control room is instructive; "In God We Trust, All Others Bring Data".

The promises of Big Data – massive fast changing and diverse datasets charactarised by the 3 Vs: Volume, Velocity and Variety – are as big as its name suggests: From it, derive the wisdom to make better decisions and the insight to better serve customers. By painting a detailed, data-driven picture of the world and what it wants, Big Data insight is key to optimise digital strategies.

E. g., whilst in 2008 it was social media that was widely credited with influencing the outcome of the US presidential election, in 2012 it was Big Data. Leveraging Big Data to identify which voters would be key to victory and what mattered to them, the Obama campaign team created targeted and personalised new campaign messages designed to win. And win they did. In re-imagining the digital marketing experience, the essence of the Big Data opportunity is clear; harness data-driven digital technology to create better digital experiences that deliver the right information, service or products to the right people at the right time.

WE ARE EXPERIENCE ARCHITECTS

It is said that the best way to predict the future is to create it. And that is precisely what we are doing at SYZYGY; re-imagining and creating the future of digital experience. As a technology and ideas company in a world where it's no longer possible to separate ideas from technology, we are uniquely placed to combine the art of imagination with the science of technology. And through this, we will strive to enrich lives with digital experiences that create genuine value for people and the companies that serve them.

GOAB

The second screen trend has swept through the television and advertising industry like a whirlwind. And yet these industries are still struggling to come up with real innovations. GOAB, the viewer-centred TV concept, is SYZYGY's response to the question of how tablets and smartphones will revolutionise the traditional way we watch television.

Switching off in front of the TV is becoming a thing of the past for an increasing number of people. More than half of German viewers already use a second screen while watching television – for surfing, chatting, or posting on Twitter, often about the programme they are watching.

DIGITAL REVOLUTION IN THE LIVING ROOM
For decades, the traditional roles of broadcaster and audience seemed to be set in stone – until mobile devices began to blur these previously immovable boundaries. But the digital revolution in the living room has yet to take off completely. Little has changed fundamentally since the first calls for interactive television and smart TV. Viewers are using social media to interact with each other – but not with the programme being aired. That's a wasted opportunity for everyone involved.

TELEVISION OF THE FUTURE
To help remedy this situation, SYZYGY developed the holistic GOAB concept and once again demonstrated its innovative leadership in the process.

GOAB makes use of a second screen to take the TV experience to a new level: TV programmes and Internet functionality are intelligently combined according to the viewer's individual requirements and viewing habits. The viewers can obtain additional information about the programme they are watching, actively participate in game shows, go online to buy the shoes worn by a leading actress or use a webcam to spend the evening watching TV with friends far away – GOAB picks up on the latest trends, builds on existing approaches and integrates new ideas. Fans of technology, design and television all over the world appear to have been waiting for this: the GOAB video was clicked on 220,000+ times and more than 3,000 related articles were published in magazines and on blogs. The future of television can commence.


Willkommen
Apple iPhone 5
32GB schwarz
Das Größte, was dem iPhone passieren konnte.
O2 Blue M
Die Alle-Netze-Flatrate
49,00 €
/ 24 Monate
529,00 €
HTC TITAN
Anzahlung nur 29,00 €
+ mtl. Rate 20,00 € / 24 Monate
= Gesamtpreis 509,00 €
Anzahlung nur 29,00 €
+ mtl. Rate 20,00 € / 24 Monate
= Gesamtpreis 509,00 €

O_2 Sales App

Telecommunications provider O_2 is at the forefront of developments in Germany when it comes to smart integration of digital POS technologies into shop concepts. Aided by SYZYGY, the brand caused a sensation in 2009 when Microsoft Surface tables were introduced into O_2 flagship stores and instantly became an attraction among customers and passing shoppers. In 2011, O_2 set up the first interactive shop windows in the Future Store in Ulm to capture the attention of passers-by; in 2012, O_2 and SYZYGY jointly embarked on the next stage of optimising the sales advice process.

Successful shopper advice should be structured, transparent and efficient and have an outcome that satisfies both customer and retailer alike. Thanks to the O_2 sales app for tablets, this ideal scenario has already become the norm in O_2's shops and partner stores.

A SHARED RETAIL EXPERIENCE

The O_2 sales app helps sales advisers to present and explain products and tariffs, captures customers' specific requirements and offers individual product suggestions based on an intelligent recommendation logic. Additional recommendations at each stage of the advice process give retailers more sales arguments and improve cross-selling and upselling. A connection to the O_2 backend systems ensures that data is always up to date.

The O_2 sales app helps advisers deliver consistent information and creates the perfect link between a positive retail experience and a good sales outcome.

Puzzle Craft

Tablets and smartphones are opening up a new, multi-billion market for the fiercely competitive games industry. For existing and aspiring games designers alike, success will ultimately depend on the ability to reinvent the gaming experience for innovative platforms.

iPad and iPhone users are spoilt for choice: more than 800,000 active applications are available in the App Store, including over 135,000 games. So any developer that manages to redefine the rules of an entire industry must either be extremely good or just a bit crazy. But whichever they are, they must also be different from all the others and prepared to take a fresh look at the gaming world.

UNIQUE GAMEPLAY

Ars Thanea took up the challenge and developed Puzzle Craft, a game for the iPad and iPhone that became a huge international hit in the App Store in next to no time. During the nine-month development process, Ars Thanea created an absorbing and unique gameplay by combining two very popular genres: the addictiveness of puzzle games and town-building simulation.

It was a lot of work, but worth it. After receiving an enthusiastic response from around 1.5 million users and compliments on internationally respected gaming blogs, it's clear that Puzzle Craft has set new benchmarks in the mobile games market. Players of all ages are captivated by the carefully designed, detailed graphics and games mechanics that are perfectly adapted to tablets.

Puzzle Craft exceeds expectations you wouldn't even dare to have about a mobile game. And that's what makes it so different from all the others.

OUTSTANDING INDUSTRY FEEDBACK

The results to date: 1,500,000 downloads, Apple's "Best of App Store 2012", top 100 iOS games ever (Arcade Sushi), top 10 puzzle games (Modojo), top 50 mobile games (Slide to Play), winner of the Appy Award 2013 and the IGN People's Choice Award, plus nominations for the DICE Award 2012, the IMG Awards 2012 and Best App Ever.

Not an Apple user? No problem! SYZYGY has published a version for Windows 8 and Puzzle Craft is also available for Android.


Silverton
395
LVL: 26
619
25
20
PUZZLE
CRAFT

THE STOCK

BASIC SHARE FACTS

ISIN	DE0005104806
WKN	510480
SYMBOL	SYZ
REUTERS	SYZG.DE
BLOOMBERG	SYZ:GR
LISTING SEGMENT	REGULATED MARKET, PRIME STANDARD
STOCK EXCHANGE CENTRES	XETRA, Berlin, Düsseldorf, Frankfurt, Hamburg, Hannover, Munich, Stuttgart
TOTAL NUMBER OF SHARES	12,828,450 no-par value bearer shares
THEREOF OWN SHARES	25,000
MARKET CAPITALISATION	EUR 46.57 Mio. (Basis: closing price of EUR 3.63 on 12/28/2012)
FREEFLOAT (DEFINITION DT. BÖRSE)	71.9%
FREEFLOAT MARKET CAPITALISATION	EUR 33.48 Mio.
SECTOR	Software

STOCK STATISTICS 2012

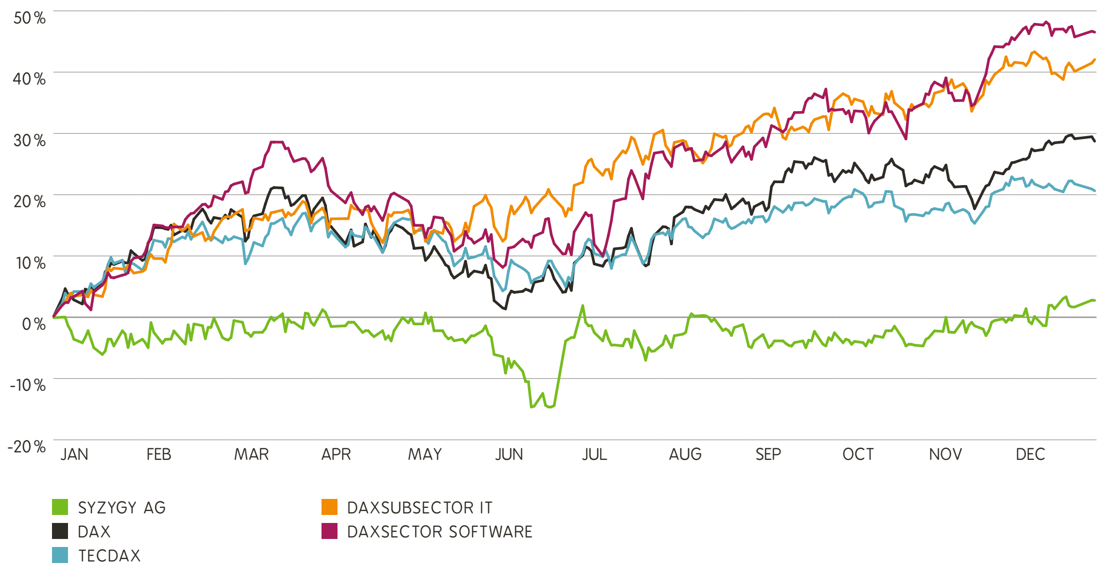
12 MONTH RANKING TECDAX	Rank market capitalisation: 62 Rank turnover: 85
ORDINARY DIVIDEND	EUR 0.20 (06/04/2012)
AVERAGE DAILY TURNOVER (SHARES)	12,524 shares/EUR 43,080 (thereof XETRA: 7,504 shares/EUR 27,003)
XETRA CLOSING PRICE AS AT 12/30/2011	EUR 3.53
XETRA CLOSING PRICE AS AT 12/28/2012	EUR 3.63
HIGHEST XETRA CLOSING PRICE	EUR 3.65 (12/18/2012)
LOWEST XETRA CLOSING PRICE	EUR 3.00 (06/14/2012)
PRICE PERFORMANCE AS AT 12/28/2012	EUR 0.10 (2.8%)
OVERALL PERFORMANCE AS AT 12/28/2012	EUR 0.30 (8.5%)

DESIGNATED SPONSOR

HSBC TRINKAUS & BURKHARDT AG

ANALYSTS

Cosmin Filker (GBC AG)
Thorsten Renner (GSC Research)



THE STOCK MARKET IN 2012

After a year of heavy losses for many investors in 2011, the German indices made a strong start to the new year, posting substantial gains in the first quarter. Despite the still unresolved debt crisis, the DAX had risen more than 20 per cent by mid-March and climbed above the 7,000 points mark for the first time since August 2011. The DAX Software sector did even better, gaining almost 30 per cent.

This initial surge was followed by a period of uncertainty, triggered by concerns about the solvency of two euro heavyweights, Spain and Italy. Although as a consequence the stock market indices lost a large part of the earlier gains, investor confidence in the strength of the German economy was only briefly shaken. By the start of June the markets had bottomed out; the indices then resumed the growth trajectory that had begun in the first quarter and continued upward until the end of the year.

The DAX closed 2012 up 29 per cent at 7,612 points. It was significantly outperformed by the DAX Software sector and the DAX IT subsector, which include SYZYGY's shares. These sectors gained 47 and 42 per cent, respectively, compared with the previous year's closing level.

PERFORMANCE OF SYZYGY SHARES AND DIVIDEND

SYZYGY shares remained largely unaffected by developments in the German equity market. The price moved sideways at slightly below the level seen at the end of the previous year, without major fluctuations. The shares only fell more sharply after the ordinary dividend of EUR 0.20 was paid on 4 June 2012, reaching their low for the year on 14 June at EUR 3.00. The price nonetheless recovered rapidly, continuing its sideways movement through into December. The high for the year was reached on 18 December at EUR 3.65 (+3.5%). SYZYGY shares closed 2012 up 2.8 per cent, at EUR 3.63.

Taking into account the ordinary dividend of EUR 0.20, SYZYGY shares returned EUR 0.30 or 8.5 per cent.

A total of 3.18 million SYZYGY shares with a total price of EUR 10.94 million were traded across all German stock markets in the year under review, of which 60 per cent passed through the XETRA trading system. With 254 trading days, this translates into daily turnover of 12,524 shares, 4.5 per cent more than in 2011.

Based on the XETRA closing price on the balance sheet date for the year 2011, the dividend yield of SYZYGY shares was 5.5 per cent (prior year: 5.7 per cent). This again demonstrated that the shares are reliable and stable dividend stocks.

SHAREHOLDER STRUCTURE

The shareholders' structure remained unchanged in 2012. The WPP Group's 27.9 per cent stake in the overall total of 12,828,450 shares meant that it maintained its position as the largest shareholder in the SYZYGY Group. The Chairman of the Management Board, Marco Seiler, held 4.9 per cent of SYZYGY's shares, while Board member Andy Stevens held 2.9 per cent. 25,000 shares (0.2 per cent) are held by the company as treasury stock. Based on the Deutsche Börse definition, 71.9 per cent of SYZYGY shares are thus in freefloat.

INVESTOR RELATIONS

SYZYGY AG pursues a transparent, prompt information policy and attaches great importance to an ongoing, comprehensive dialogue with shareholders, investors, financial journalists, and interested members of the public.

In order to showcase the business model and report regularly on the strategy and development of the Group, representatives of the management team attended a total of four capital market conferences in the year under review: the 10th Small Cap Conference and the German Equity Forum in Frankfurt, the Zurich Capital Market Conference (ZKK) and the Munich Capital Market Conference (MKK).

The management team was also available to analysts, investors and representatives of the business and financial press for individual discussions between these events.

GBC AG and GSC Research GmbH were engaged to deliver analysis of our company in order to provide the market with regular up-to-date assessments and forecasts about the performance and future development of the Group. HSBC Trinkaus was responsible for designated sponsoring.

Furthermore, the Investor Relations section of our website at www.syzygy.net offers any interested party the opportunity to find out about events relating to the capital market and the Group at any time, in both German and English.

REPORT OF SUPERVISORY BOARD

DEAR SHAREHOLDERS,
The Supervisory Board continuously monitored the work of the Management Board and provided support and advice throughout the past financial year. This included monitoring actions taken by the Management Board in terms of their legality, regularity, appropriateness and commercial viability. The Management Board reported to the Supervisory Board regularly in writing or verbally, providing up-to-date, comprehensive information about recent developments as well as the economic and financial situation of the Group and its subsidiaries. The Supervisory Board was involved in all important decisions affecting the SYZYGY Group.

The Management Board fully complied with its duty to provide information. Reports provided by the Management Board complied with the legal requirements with regard to both content and scope, and also satisfied the Supervisory Board's information needs. The Supervisory Board also requested additional information where necessary. The Supervisory Board critically examined the information and reports provided, assessing them with regard to plausibility.

MEETINGS AND ATTENDANCE
A total of nine ordinary meetings of the Supervisory Board were held together with the Management Board in the 2012 financial year, on January 23, March 26, April 25, May 31, June 27, July 26, October 8 and 30, and on November 21. All Management Board and Supervisory Board members were either present at these meetings in person or took part by telephone and all important events were discussed and the necessary decisions taken. The following topics were discussed and debated regularly at the meetings:

- operational performance of the individual companies and the Group as a whole
- personnel appointments for key positions
- mergers & acquisitions
- strategic direction of the SYZYGY Group
- risk situation of the SYZYGY Group
- acquisition of new clients
- competitive situation
- budgeting and financial planning
- dividend policy
- share price
- election of the auditor

Further topics discussed in the individual meetings are listed below:

In the meeting held on January 23, 2012, the Management Board and Supervisory Board discussed the preliminary results for the 2011 financial year and the budget for 2012.
As a step to implement the SYZYGY Group's growth strategy, on January 23 the Supervisory Board also approved the formation of the new company Hi-ReS! Berlin GmbH.

The accounts review meeting was held on March 26, 2012. After carefully reviewing all the documents, the Supervisory Board received detailed information on the financial statements for the 2011 financial year from the members of the Management Board.
The auditors also attended, presenting the key aspects and results of their checks. All questions were answered by the Management Board and auditors to the Supervisory Board's full satisfaction. The Supervisory Board was thus able to verify that the audit had been conducted correctly and the audit reports properly prepared. Following the presentations, the annual financial statements and the consolidated financial statements were approved and adopted.
Also on March 26, the agenda for the 2012 Annual General Meeting and the Management Board's dividend proposal were discussed and agreed.
Another item on the agenda was the final draft of the new directors' contracts.

At the meeting held on April 25, the Supervisory Board discussed and approved the figures for the first quarter of 2012. The securities portfolio of SYZYGY AG and the company's asset management strategy were also discussed.

At the meeting held on May 31, the Supervisory Board and Management Board jointly prepared for the Annual General Meeting on the following day. The Management Board also reported on new business developments.

On June 27, the Supervisory Board adopted a resolution to introduce a stock option plan for the SYZYGY Group. It also granted stock options for the Management Board to meet the need for long-term compensation elements in the Board's remuneration structure.

On July 26, the Supervisory Board discussed and approved the figures for the first half of 2012.

Following intensive consultation and careful evaluation, on October 8 the Supervisory Board complied with the request of Board member Frank Wolfram to release him prematurely from his director's contract. The decision became effective on December 31, 2012.

The purpose of the meeting on October 30 was to discuss and approve the 9-month figures. The Declaration on Corporate Governance, which had been sent in writing to the Supervisory Board in due time before the meeting, was approved and signed jointly by the Management Board and Supervisory Board.

On November 21, the M&A-strategy for SYZYGY Group was discussed.

In the current financial year, a Supervisory Board meeting was held on March 25 to adopt the 2012 financial statements.

There was also continual dialogue between the Management Board and Supervisory Board between these dates. In particular, the Management Board provided regular written reports about the company's performance and other important events.

MEMBERSHIP AND COMMITTEES

The Supervisory Board of SYZYGY AG comprises three independent members. The membership of the Supervisory Board changed in the year under review since Adriaan Rietveld resigned for health reasons with effect from October 31, 2012. The Management Board submitted an application to the District Court of Bad Homburg to cover the period after he left the company. The Court passed a decision on October 4, 2012, duly appointing Mr Thomas Strerath as a new Supervisory Board member with effect from November 1, 2012.

Mr Strerath's term of office will terminate at the end of the next Annual General Meeting, which will be held on June 14, 2013. As a result, it will be necessary to hold an election at the Annual General Meeting to fill the vacant Supervisory Board seat.

The term of office for Michael Mädel and Wilfried Beeck comprises the period up to the end of the Annual General Meeting for the 2013 financial year.

Due to its small size, the Supervisory Board did not form any committees during the year under review. Wilfried Beeck, a financial expert with extensive knowledge of accounting and internal control procedures, took a particular interest in the financial statements, auditing and election of the auditor.

The Annual General Meeting on June 1, 2012 discharged the members of the Supervisory Board and Management Board in relation to the 2011 financial year.

CORPORATE GOVERNANCE

On October 30, 2012, the Supervisory Board and Management Board jointly published the declaration of conformity with the German Corporate Governance Code in accordance with Article 161 of the German Stock Corporation Act (AktG), as part of the more extensive Declaration on Corporate Governance. The Corporate

Governance Declaration is based on the version of the Code in force at this time, dated May 15, 2012.

SYZYGY AG continues to broadly comply with the principles of the Code.

The remuneration report, which discloses the amount of remuneration for the Management Board and Supervisory Board and how it is structured, is no longer part of the Corporate Governance Declaration following the updating of the Code in May 2012. Instead, it must now be published in the Management Report. The remuneration for the Management Board and Supervisory Board are detailed in this Annual Report on pages 36-37 and page 79.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS, APPROPRIATION OF NET PROFIT

Following a proposal by the Supervisory Board, the Annual General Meeting appointed Frankfurt-based BDO Deutsche Warentreuhand AG Wirtschaftsprüfungsgesellschaft as auditors on June 1, 2012. The Supervisory Board has not identified any circumstances that could give rise to a lack of impartiality on the part of the auditors. The auditor himself has issued a statement of independence. Apart from auditing the financial statements, the auditor did not provide any other services.

BDO audited the annual financial statements and Management Report, the consolidated financial statements and the Group Management Report for the 2012 financial year on behalf of the Supervisory Board and granted an unrestricted auditor's certificate in each case.
The annual financial statements were prepared in accordance with the provisions of the German Commercial Code (HGB) and the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). All documents relating to the financial statements, audit reports and the Management Board's proposal regarding the appropriation of profits were provided to all members of the Supervisory Board in a timely manner for their deliberations. The auditor also reported to the Supervisory Board on the audit of the accounting-related internal control and risk management system, which did not reveal any weaknesses.

After carefully reviewing all documents, the Supervisory Board received detailed information on the financial statements for the 2012 financial year from the members of the Management Board at its meeting of March 25, 2013. The auditors also attended, presenting the key aspects and results of their checks. All questions were answered by the Management Board and auditors to the Supervisory Board's full satisfaction. The Supervisory Board was thus able to verify that the audit had been conducted correctly and the audit reports properly prepared.

On the basis of its own checks and taking the audit reports into consideration, the Supervisory Board raised no objections. Consequently the Supervisory Board approved and adopted the annual financial statements and Management Report of SYZYGY AG and the consolidated financial statements and the Group Management Report. The Supervisory Board also approved the Management Board's proposal regarding the appropriation of net profit.

The Supervisory Board thanks the members of the Management Board and all employees of the SYZYGY Group for their commitment. We look forward to continuing to work together and wish you every success for the current financial year.

Bad Homburg, March 26, 2013
The Supervisory Board

Michael Mädel
Chairman of the Supervisory Board

CORPORATE GOVERNANCE

"Corporate Governance" describes a set of internationally recognized standards and regulations for the responsible and transparent governance of listed companies. In Germany, these standards have been laid down in the German Corporate Governance Code (GCGC), which was adopted in 2002 and has been subject to various amendments ever since then. The code presents recommendations ("shall") as well as suggestions ("should"). Companies may deviate from the recommendations, but have to disclose the exceptions in a yearly declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG).

In 2009, transparency law was extended. With coming into force of the German Accounting Law Modernization Act ("BilMoG"), § 289a was added to the German Commercial Code (HGB).

As of this, the declaration of compliance has to be part of a more elaborate corporate governance statement.

In detail, this statement encompasses:

1. the declaration of conformity with the German Corporate Governance Code in accordance to § 161 AktG

2. relevant information on employed corporate governance practices beyond legal requirements

3. a description of the working methods of the Management and Supervisory Board as well as information on the composition and working methods of their committees.

Already in the past, SYZYGY AG publicly avowed its willingness to abide by nationally and internationally recognized standards of fair and responsible corporate governance. In its first declaration in 2002, SYZYGY AG officially recognized the principles, as they are stipulated in the German Corporate Governance Code (GCGC).

SYZYGY AG complies with the current version of the Code as amended on May 15, 2012 with exceptions as stated in the Declaration of Compliance 2012.

The elaborate corporate governance statement pursuant to § 289a HGB which encompasses the declaration of compliance as well as the composition and working methods of the Management Board and the Supervisory Board are permanently available on our IR-website ir.syzygy.co.uk

DECLARATION OF COMPLIANCE 2012 WITH THE GERMAN CORPORATE GOVERNANCE CODE AS AMENDED ON MAY 15, 2012 PURSUANT TO ART. 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management and Supervisory Board of SYZYGY AG hereby declare that the recommendations of the German Corporate Governance Code (GCGC) as amended on May 15, 2012 have been and are met with the following exceptions:

- Filling of managerial positions in consideration of diversity and, in particular, in appropriate consideration of women (section 4.1.5):
  In the company's best interest, the Management Board of SYZYGY AG fill managerial positions with respect to professional qualification and personal suitability. Gender is not given top priority. If more than one candidate should be suitable for the vacant post, the Management Board will decide in favor of the person who will enhance the diversity of the management team.

- Appointment of Management Board Members in consideration of diversity and, in particular, in appropriate consideration of women (section 5.1.2):
  Again, the Supervisory Board of SYZYGY AG appoint Management Board members on the basis of professional qualification and personal suitability. If more than one candidate should be suitable for the vacant post, the Supervisory Board will decide in favor of the person who will enhance the diversity of the Management Board.

- Formation of committees of Supervisory Board Members (sections 5.3.1, 5.3.2 and 5.3.3):
  As the Supervisory Board consists of three members only, no committees were and will be set up.

- Specification of concrete objectives regarding the composition of the Supervisory Board (section 5.4.1):
  Section 5.4.1 asks the Supervisory Board to specify concrete objectives regarding its composition. The last elections to the Supervisory Board were conducted in May 2009 before section 5.4.1 came into effect. Therefore, an according statement does not yet exist. The Supervisory Board Members of SYZYGY AG are designated experts of the IT- and media industry, though.

- Compensation of Supervisory Board Members (section 5.4.6):
  By mutual agreement, all Supervisory Board Members receive the same compensation as their amount of work is comparable.

Bad Homburg v. d. H., October 30, 2012

The Management and Supervisory Board
SYZYGY AG

FINANCIAL STATEMENTS 2012

MANAGEMENT REPORT

1. GENERAL

The following Group Management Report provides information on the performance of the SYZYGY Group (hereinafter referred to as "SYZYGY" or the "Group"). The consolidated financial statements on which the Group Management Report is based have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial year corresponds to the calendar year.

2. BUSINESS ACTIVITIES AND STRUCTURE OF THE GROUP

SYZYGY is an international agency group for digital marketing with more than 300 employees. The Group consists of SYZYGY Aktiengesellschaft and its nine subsidiaries: SYZYGY Deutschland GmbH, SYZYGY UK Ltd, uniquedigital GmbH, Unique Digital Marketing Ltd, the design studios Hi-ReS! London Ltd, Hi-ReS! New York Inc, Hi-ReS! Hamburg GmbH, Hi-ReS! Berlin GmbH and Mediopoly Ltd.

The Group also holds a 26 per cent stake in Polish design studio Ars Thanea, Warsaw. Rather than being fully consolidated, the associated company is taken into account in financial income using the at equity method.

The operating units of the SYZYGY Group offer large international companies a comprehensive range of digital marketing services, from strategic consulting to project planning, concepts and design to technical realisation of websites, online campaigns, platforms and mobile applications. The company's services are complemented by Computer-Generated Imagery (CGI), search engine marketing and online media planning. As a provider of technological, creative and media services, SYZYGY helps its clients to use digital media as an innovative communication and marketing tool. The Group's business focus is on the automotive, telecommunications/IT, retail and consumer goods, financial services and media and entertainment industries.

3. ECONOMIC AND COMPETITIVE ENVIRONMENT

3.1 GENERAL ECONOMIC SITUATION

In 2012, the ongoing unresolved sovereign debt crisis caused the Eurozone economy to slip back into a mild recession for the first time since 2008. Economic output in the Eurozone countries initially contracted slightly in the three quarters from April 2012 before slumping by 0.6 per cent. Overall, gross domestic product (GDP) in the 17 Eurozone countries was 0.4 per cent lower than in the previous year, according to Eurostat figures.

Germany was not immune from this environment. Although the German economy was able to buck the trend in the Eurozone in the two previous years and generate significant growth, performance in 2012 was much more subdued. The economy started the new year 0.5 per cent higher but rapidly lost momentum, with the fourth quarter seeing a 0.6 per cent fall in GDP compared with the previous quarter. This also hurt sentiment among German businesses. The ifo Business Climate Index, for which 7,000 companies are surveyed monthly on the current business situation and their expectations for the next six months, declined steadily from May to October and only began to recover slightly in November. This uncertainty was also reflected in cautious capacity planning by German companies. In December 2012, KfW's quarterly Investment Barometer recorded the third consecutive decline in business investment.

Overall, GDP grew by 0.7 per cent, down significantly on the two previous years' figures of 4.2 per cent (2010) and 3.0 per cent (2011).

In the United Kingdom, the second important market for the SYZYGY Group, even very low expectations for GDP growth were not met. Although the economy picked up temporarily between July and September – partly due to the positive impact of the Olympics – the relatively strong summer months were not enough to offset the weakness of the remaining three quarters of the year. The British economy suffered particularly as a result of reduced export demand from the rest of Europe – a trend that was exacerbated by the rise in sterling against the euro. Economic output in the UK stagnated overall compared to the previous year but did, however, exceed the average of the Eurozone countries (-0.6 %) and the wider EU (-0.3 %) for the first time since 2009.

3.2 ADVERTISING MARKET

It must be accepted that the validity and comparability of data on advertising market performance is limited. First of all, different survey methods mean the results vary widely and sometimes even appear contradictory; secondly, gross advertising figures do not provide any insight into actual cash flows because they are calculated using list prices and do not take account of discounts and special terms.

However, the figures do highlight general trends in the way advertisers split their budgets and show changes in their media strategies.

In its autumn analysis, the German Advertising Association (ZAW) assumes a fall of 0.8 per cent in gross advertising sales and of 3.0 per cent in net advertising sales for 2012 as a whole. These figures are contradicted by more recent findings from market research company Nielsen which indicate that the gross advertising market achieved positive growth and increased by 0.9 per cent in a largely stable macroeconomic environment.

In turn, media agency Mindshare focuses exclusively on net sales, which are reported to have increased by less than 0.5 per cent during the past year.

However different the results may be, there is nevertheless a consensus that the online media sector again stood out from other forms of media in 2012, with online media sales in Germany achieving above-average growth. The figures cited range from 13 per cent (German Online Marketing Group, part of the German Association for the Digital Economy (BVDW)) to 12-15 per cent (Mindshare) and 17.3 per cent (Nielsen).

Various studies confirmed this trend for the UK as well. The Expenditure Report, published regularly by AA/Warc, and the IPA Bellwether Report both suggest that online advertising experienced far higher growth rates in 2012 than the wider advertising market. In the third quarter, for example, AA/Warc calculated an increase of 10.9 per cent for online marketing (overall market: 0.8 per cent), while eMarketer expects 14 per cent over the whole year.

4. PERFORMANCE AND SITUATION OF THE GROUP

4.1 SALES

The SYZYGY Group reports billings and sales. The sales figures are arrived at by deducting media costs from billings. Media costs are incurred in the online marketing subsidiaries as transitory items on the revenue and expenses side.

SYZYGY increased both figures significantly in the year under review: billings rose by 8 per cent to EUR 77.6 million, while sales amounted to EUR 31.1 million at the reporting date, exceeding those in the previous year by 10 per cent. The SYZYGY Group therefore achieved the previous year's forecast of double-digit growth in sales.

In the Germany segment, expectations were exceeded, with growth of 15 per cent being posted. In contrast, the UK segment recorded a 4 per cent drop in sales.

SYZYGY has a diverse client structure and generated 55 per cent of sales with its ten largest clients, corresponding to 4 per cent less than 2012.

In terms of sales breakdown by sector, the automotive industry failed to take the top position for the first time since SYZYGY AG was established: its share fell from 32 per cent to 25 per cent, which means it was overtaken by the retail and consumer goods sector (30 %). This shift was due to a combination of falling business volumes with automotive clients in the UK and strong sales to clients from other segments. The financial services sector, for example, posted a significant increase in sales, as did the retail sector. The proportion of sales attributable to the financial sector rose by three percentage points to 13 per cent.

Sales generated in telecommunications/IT remained stable in absolute terms and amounted to a share of 15 per cent.

A total of 17 per cent of sales was attributable to clients who do not belong to any of the above industries.

4.2 OPERATING EXPENSES AND DEPRECIATION

The cost of sales totalled EUR 22.3 million in the year under review. As such, they rose by 14 per cent and increased slightly faster than sales. The reason for this is the establishment of Hi-ReS! Berlin, for which staff were required in order to develop new business but as yet no corresponding sales have been generated. The Group's gross margin thus fell by 3 percentage points to 28 per cent.

Sales and marketing expenses also rose sharply by 19 per cent to EUR 3.0 million as a result of establishing the new Berlin-based company.

General administrative expenses and other operating income both remained at the levels of the previous year.

4.3 OPERATING INCOME AND EBIT MARGIN

The SYZYGY Group generated operating income of EUR 2.1 million in 2012, down 18 per cent or EUR 0.5 million on the previous year. This fall was due to the costs associated with setting up the new company Hi-ReS! Berlin GmbH, which amounted to EUR 0.7 million in total and were in line with expectations.

The EBIT margin also fell by 2 percentage points to 7 per cent as a result of setting up the new company.

4.4 FINANCIAL POSITION AND FINANCIAL INCOME

As at 31 December 2012, SYZYGY had liquid funds and securities amounting to EUR 26.8 million. The sharp increase of EUR 7.2 million or 37 per cent is primarily due to a cash inflow from tax refunds (EUR 5.3 million), the increase in value of the securities portfolio (EUR 3.3 million) and positive operating cash flows before tax effects. This was partly offset by a cash outflow of EUR 2.6 million due to payment of the ordinary dividend.

SYZYGY generated a return of 6.3 per cent on average available liquidity reserves. Including income from the stake in Ars Thanea, financial income in the reporting year was EUR 1.3 million, or 7 per cent less than in the prior year.

As at the balance sheet date, investments comprised 77 per cent corporate bonds and 23 per cent overnight deposits (prior year: 64 % and 36 % respectively). The average residual maturity was 6.4 years.

4.5 NET INCOME, INCOME TAXES, EARNINGS PER SHARE

The pre-tax income of the SYZYGY Group in the 2012 reporting year totalled EUR 3.4 million and was thus 14 per cent below the previous year's figure.

Net income of EUR 9.0 million (+213 %) was significantly higher than 2011, though, due to special tax-related circumstances that arose in the second quarter, namely a successful appeal relating to impairment losses on foreign subsidiaries of EUR 25.4 million. The depreciation was included in the annual financial statements for 2001 [sic], but only recognised by the tax authorities in June 2012. On this basis, SYZYGY received a total of EUR 5.3 million in tax refunds in the 2012 financial year.

Following its successful appeal, SYZYGY posted a loss carry-forward of EUR 8.9 million for corporate income tax, while for trade tax the relevant loss carry-forward was EUR 10.6 million, which will result in reduced tax payments in future periods. Deferred tax assets of EUR 2.5 million were recognised accordingly as at the balance sheet date.

On the basis of 12,803,450 shares qualifying for participation in the profits, earnings per share amount to EUR 0.73 in the year under review. This equates to an increase of 232 per cent compared to 2011. Diluted earnings are EUR 0.72. Undiluted earnings per share would be EUR 0.19 (-14 %) without the special tax effect.

4.6 SEGMENT REPORTING

In line with the management approach, SYZYGY AG uses geographical criteria to report segments and thus distinguishes between Germany and the UK.

In 2012, around two thirds of sales were generated in the Germany segment (EUR 20.8 million) and one third in the UK segment (EUR 10.1 million). The German companies made a EUR 3.0 million contribution to operating income, while the UK agencies contributed EUR 1.1 million.

The SYZYGY Group's 10 per cent growth in sales in the year under review is attributable to the companies in the Germany segment. They were able to increase their sales by 15 per cent, while the UK agencies recorded an overall 4 per cent drop in sales.

This growth was driven by SYZYGY Deutschland GmbH, with the two Hamburg-based companies uniquedigital and Hi-ReS! also delivering a positive performance and contributing to the good result. Hi-ReS! Berlin GmbH, which is still in its development phase, generated insignificant sales. The company's establishment and start-up costs had an adverse effect on operating income and the EBIT margin of the Germany segment, which amounted to 14 per cent.

The decline in sales in the UK segment was primarily caused by budget cuts made by one of SYZYGY UK Ltd's major clients. Although the agency was successful in attracting several new clients, the new accounts were not enough to offset the losses in full. In contrast, Unique Digital Ltd showed strong growth in both billings and sales revenues. It is noteworthy in this context that the agency successfully reduced the pressure on margins experienced in recent years by significantly increasing the share of consultancy services in relation to media business.

Profitability of the UK companies was 11 per cent.

Hi-ReS! New York, which was allocated to central functions, performed below expectations in 2012. It failed to break even and ended the reporting year with a slight loss of EUR 0.1 million.

4.7 OPERATING CASH FLOW

Operating cash flow improved steadily over the course of the year and totalled EUR 7.7 million at the reporting date. Income of EUR 9.0 million in the period had a particularly positive impact, of which EUR 5.3 million came from tax inflows. Depreciation of fixed assets (+ EUR 0.7 million), increases in advance payments by clients (+ EUR 0.5 million) plus an increase in accounts payable and other liabilities (+ EUR 0.9 million) also led to cash inflows. The increase in accounts receivable of EUR 1.6 million as well as in deferred taxes (EUR 2.2 million) had a negative impact.

4.8 INVESTMENTS, RESEARCH AND DEVELOPMENT

Investments in intangible assets and fixed assets totalled EUR 0.9 million in the 2012 financial year. This amount primarily comprises purchases made in relation to the establishment of Hi-ReS! Berlin and the new branch in Frankfurt.

SYZYGY also invested in software and hardware, as well as other equipment for the Group's employees, with the positive development of the Group resulting in a 13 per cent increase in the number of employees.

As a service provider that does not offer any products of its own, SYZYGY had no research and development expenses in the 2012 reporting year.

4.9 ASSETS

Total assets of the SYZYGY Group rose considerably by 19 per cent to EUR 64.3 million in 2012.

On the assets side, this significant change is primarily the result of an increase in current assets, which rose by 27 per cent to EUR 38.6 million due to special tax-related circumstances, price changes in the securities portfolio and positive operating cash flow. The rise in receivables to EUR 9.8 million, which was in line with sales growth, also boosted current assets.

Deferred tax assets amounting to EUR 2.0 million (+239 %) and investment in the Frankfurt and Berlin offices likewise contributed to growth of total assets.

The slight increase in goodwill and other assets is mainly attributable to foreign currency effects.

On the liabilities side, there were significant changes in equity in particular, which totalled EUR 49.0 million (+23 %) at the reporting date. Key factors here are the accumulated consolidated retained earnings of EUR 16.7 million, which were 68 per cent above the previous year's figure due to the tax effect, and other accumulated net income, which rose substantially by EUR 2.6 million to EUR -0.3 million due to the performance of the securities portfolio.

Summary in accordance with DRS 15 The following table shows a multi-year comparison of key financial figures in accordance with DRS 15:

	2008	**2009**	**2010**	**2011**	**2012**
Sales in EUR'000	31,707	28,833	27,247	28,313	31,115
EBIT in EUR'000	5,163	3,556	3,168	2,588	2,121
EBIT margin	16 %	12 %	12 %	9 %	7 %
Earnings per share in EUR (diluted)	0.30	0.28	0.30	0.22	0.72

4.10 EMPLOYEES

At the reporting date, the companies in the SYZYGY Group employed a total of 302 permanent members of staff (+13 %) and 13 freelancers.

Around two thirds (198) of the permanent staff worked for the five German companies, 98 for the London-based agencies and six for Hi-ReS! New York.

In addition, 36 people worked at associated company Ars Thanea.

In terms of employees by function, there were only marginal changes compared to the previous year. Just over a quarter (27 %) of employees worked in online marketing, while the second biggest group (19 %) worked in technology-related roles. Around 15 per cent of the workforce worked in each of the areas design, administration and project management, and 10 per cent in strategy consulting.

Including freelancers but excluding Ars Thanea employees, 304 people were employed by SYZYGY on average during the year. Sales per head were therefore EUR 102,000.

5. REMUNERATION REPORT

5.1 REMUNERATION SYSTEM FOR THE MANAGEMENT BOARD

The remuneration system for the Management Board is laid down by the SYZYGY AG Supervisory Board. The overall remuneration package comprises the following components:

- non-performance related remuneration
- performance related remuneration
- other benefits

The non-performance related remuneration is paid each month as a basic salary. Performance based remuneration includes two components: a performance-related bonus is paid on the basis of achieving the year's financial targets. These targets are set in the yearly planning and decided upon by the Supervisory Board. In addition, members of the Management Board benefit from share price-based bonus agreements, with up to 40 per cent being exercisable after two years and a further 60 per cent after three years.

The members of the Management Board receive other benefits in the form of payment of contributions to pension and accident insurance as well as private use of a company car or a car allowance of up to EUR 15,000 per year.

COMMITMENTS IN THE EVENT OF TERMINATION
No retirement benefits have been promised to the Management Board of SYZYGY AG to date. If an employment contract is terminated prematurely, a severance payment will be made in line with legal obligations, being the amount of the outstanding, appropriate on-target salary for the remainder of the contract period.

Where necessary, a post contractual competition prohibition of 12 months may be agreed following premature termination of the contract. In this case, the Management Board member will receive compensation of 50 per cent of his or her most recently received average contractual remuneration.

Details of the remuneration of the Management Board for the 2012 financial year can be found in the notes to the financial statements.

5.2 REMUNERATION SYSTEM FOR THE SUPERVISORY BOARD
Remuneration of the Supervisory Board is set out in Article 6 (8) of SYZYGY AG's Articles of Association and dates from a resolution passed by the Annual General Meeting on June 4, 2003. In addition to having their expenses reimbursed, each member of the Supervisory Board receives remuneration consisting of a fixed and a variable component. The fixed remuneration amounts to EUR 15,000. This fixed remuneration increases by EUR 5,000 if the Company's market capitalisation has risen by at least 20 per cent in the financial year concerned. The capitalisation figures used for this purpose are based on the mean closing price of the stock in the XETRA trading system on the Frankfurt Stock Exchange during the first five trading days of a financial year and during the first five trading days of the subsequent financial year. Supervisory Board members who have not been in office for the whole of the financial year are remunerated on a pro rata basis.

Details of the remuneration of the Supervisory Board for the 2012 financial year can be found in the notes to the financial statements.

6. DISCLOSURE RELATING TO ACQUISITION IN ACCORDANCE WITH ARTICLE 315 [4] OF THE HANDELSGESETZBUCH (HGB – GERMAN COMMERCIAL CODE)

- The subscribed capital of SYZYGY AG amounts to EUR 12,828,450 and is divided into 12,828,450 ordinary no par value bearer shares. Different classes of shares were not formed.

- SYZYGY shares are not subject to restrictions on transferability. SYZYGY AG is not aware of any restrictions relating to the exercise of voting rights or to the transfer of SYZYGY shares.

- At the balance sheet date, SYZYGY AG held 25,000 treasury shares, which grant the Company no voting rights or other rights.

- The WPP Group notified the Company that it holds a total of 27.90 per cent of the shares. It should additionally be noted that the Chairman of the Management Board holds 4.86 per cent and the Chief Operating Officer (COO) of SYZYGY AG 2.93 per cent of the shares.

- None of the SYZYGY AG shares issued carry special rights.

- SYZYGY AG does not exercise voting control in the case that employees hold shares.

- The requirements for appointment and dismissal of members of the Management Board are in accordance with Article 84 of the Aktiengesetz (AktG – German Stock Corporation Act). SYZYGY AG's Articles of Association also stipulate that the Management Board must be composed of at least two people. Changes to the Articles of Association can only be made by the Annual General Meeting, in line with Article 119 of the AktG. The Articles of Association, together with Article 179 of the AktG, permit the Supervisory Board to agree changes to the Articles of Association which only concern the wording.

- The Annual General Meeting's resolution of May 29, 2009 authorised the Management Board to increase the common stock of SYZYGY AG, with the agreement of the Supervisory Board, by up to EUR 1,200,000 in the period to May 28, 2014 by issuing a total of 1,200,000 option rights for one SYZYGY AG no par value share each.

- In line with the Annual General Meeting's resolution of May 28, 2010, the Management Board is authorised, within 5 years, to buy back treasury stock up to a total of 10 per cent of the common stock via the stock exchange or via a public offer to buy directed at all shareholders.

- The Annual General Meeting's resolution of May 27, 2011 authorises the Management Board to increase the common stock of the company, with the agreement of the Supervisory Board, on one occasion or on several occasions up to an overall maximum of EUR 6,000,000 in the period to May 27, 2016 by issuing new bearer shares against cash contributions and/or contributions in kind (Authorised Capital 2011).

- SYZYGY AG has made no material agreements that would be triggered by a change of control.

- No compensation agreements have been entered into with members of the Management Board or employees for the event of a takeover bid. Holders of share options can, however, exercise their options within a month at a fixed price of EUR 1.00 per option.

7. RISKS AND OPPORTUNITIES OF FUTURE BUSINESS DEVELOPMENT

The results of the SYZYGY Group are determined by the performance of the operating units and the future interest income of SYZYGY AG.

The information currently available shows no indication of individual risks that would jeopardise the continued existence of SYZYGY AG and its subsidiaries as a going concern. Material risk factors relate to economic trends in the advertising sector in Germany and the UK and, in particular, the technological momentum of the markets for Internet services.

The Management Board of SYZYGY AG will continue to monitor these risks on an ongoing basis in order to counter negative effects on the net assets, financial position or results of operations at an early stage. Risk assessment relates to the extent of a potential impact on earnings and finances, and also to the likelihood that a risk factor may have an impact.

7.1 RISKS

ECONOMIC RISK

The state of the economy is the main factor that determines companies' willingness to invest in advertising and marketing campaigns. A downturn can lead to reduced order volumes and thus to a corresponding drop in sales for SYZYGY. Any capacity adjustments which may be necessary become effective with a time lag and involve restructuring costs.

OPERATING RISK

Approximately 55 per cent of the SYZYGY Group's sales are generated from its ten largest clients. Losing any one of these clients cannot be compensated for immediately, if at all. In such an event, it is usually not possible to reduce costs accordingly at short notice.

SYZYGY's sales are not protected by long-term contracts. Sales are usually generated on the basis of individual contracts that cover a limited period. All planning in relation to sales performance is thus necessarily subject to a large degree of uncertainty.

Sales are predominantly based on fixed price agreements, meaning that unforeseeable losses may be incurred if the calculated project budget is unexpectedly exceeded. SYZYGY also assumes the usual guarantee and liability commitments associated with the project, which can lead to follow-on costs for each project.

The services SYZYGY performs have public impact, so any defects in quality in the execution of one of its projects may cause widespread damage to SYZYGY's image. This kind of damage has the potential to have a significantly negative impact on future business development.

PERSONNEL RISK

The Group's performance in the services segment depends to a very significant extent on the performance of its employees. Because of their specific skills, some individuals are particularly important. If the Group is unable to retain these employees, or continuously attract and retain new, highly qualified employees, SYZYGY's success could be at risk.

CURRENCY RISK

SYZYGY generates around one third of its sales in the UK, so exchange rate fluctuations between sterling and the euro can affect sales and annual net income positively or negatively in the event of deviation from the rate used for planning purposes. Nevertheless, SYZYGY does not enter into any hedging transactions because sales in the UK market are countered by expenses in sterling. SYZYGY is thus only exposed to foreign exchange risk in terms of the amount of the annual net income of the company in the respective country.

INVESTMENT RISK

Investment strategy relating to liquid funds is geared towards long term income. Liquid funds are therefore invested in corporate bonds and other fixed interest securities in a manner designed to ensure risk diversification. All fixed interest securities are subject to interest rate and default risk. A rise in long-term interest rates has a negative effect on the price of such securities, while a decline has a positive impact. SYZYGY minimises default risk by investing in a diversified range of securities with good credit ratings, i.e. largely investment grade. A small volume of bonds with lower ratings are also included in the portfolio. Interest rate risk is countered by investing in varying maturities.

RISKS FROM ACQUISITIONS

Company acquisitions have been and remain part of SYZYGY's growth policy. The success of acquisitions depends on how well the new acquisition can be integrated into the existing structure and how successfully SYZYGY achieves the desired synergies. If an acquisition cannot be successfully integrated, the possible decrease in value will entail impairment losses. In these circumstances an exceptional depreciation of the book value of the acquisition would prove necessary.

7.2 OPPORTUNITIES

In recent years the Internet has become almost indispensable as a communication medium for large swathes of the population, for both private and job-related use. This trend is being boosted by the increasing shift of TV and video content to the Web, combined with the huge success of social networks, which are helping to further embed the Internet in users' lives. Widespread use of tablet PCs and continuing leaps in smartphone capabilities have given additional impetus to the integration of digital content into everyday life, opening up entirely new horizons to advertisers for targeting and selling.

The Internet has brought a fundamental change to the rules of marketing, making the advertising market more fragmented and more complex than ever. Agencies must find ways of excelling in this sophisticated world, strategically, creatively and technologically. There are two challenges facing firms in this sector: they must meet the increasing demands of an "always-on" society while also providing support to companies in achieving their goals in relation to sales and reputation. The potential of digital channels for marketing purposes is far from exhausted; rather, it increases with each technological innovation.

SYZYGY has been an Internet agency since the early days and can look back on many years of extensive digital capability. The Group is aligning itself with the advancing convergence of online and offline communication by developing cross-company units for digital management of strategy and brands. By doing so, SYZYGY can become the first-choice partner for new marketing challenges and increasingly take the role of lead agency for high-profile brands.

8. INTERNAL CONTROL SYSTEM

The risk early warning systems used are based on monthly reporting. This reporting includes new business activities and the qualitative performance of the subsidiaries, in addition to financial reporting (budget, updated forecast and actual figures). A risk management system is integrated into financial reporting which ensures that risk identification, risk communication and monitoring of operational risk takes place at monthly intervals. Risks are then aggregated at holding company level and risk management action is initiated by the holding company. Additionally, all the subsidiaries are subject to a quarterly review.

In keeping with Article 289 [5] of the Handelsgesetzbuch (HGB – German Commercial Code), one of the ways the accounting requirements of SYZYGY AG are implemented in the subsidiaries is that a largely standard bookkeeping system with a standard chart of accounts is used across the SYZYGY Group. All subsidiaries are subject to an internal audit once a quarter by the Central Finance Department of SYZYGY AG. This involves analysing, checking and ensuring compliance with accounting requirements and scrutinising the procedures for processing data. The internal control system is supplemented by approval procedures covering activities such as financial transaction (dual-control principle).

The internal control systems are buttressed by external auditing bodies, such as the statutory auditor, and external tax audits.

After preparation of the SYZYGY Group's quarterly reports, they are examined and approved by the Supervisory Board of SYZYGY AG.

In addition, accounting staff are kept up to date with statutory requirements via regular internal and external training courses.

9. OUTLOOK AND FORECAST

As with any private-sector business, the SYZYGY Group is subject to factors over which it has no control. Changes in the general economic environment and sentiment, both actual and perceived, can have a positive or negative impact on the Group's growth.

All statements about the future development of the Group are based on information and findings that were known at the time this Annual Report was prepared. Since this information is subject to constant change, forecasts invariably involve a number of uncertainties. As a result, actual results may differ.

The SYZYGY Group draws up its forecasts on the basis of its organic development. Acquisitions can have a positive effect on the future growth of the Group.

Business performance can also benefit from the acquisition of major new clients and from expanding existing client relationships by gaining additional budgets above and beyond scheduled projects.

9.1 GENERAL ECONOMIC SITUATION

The Eurozone economy appears to have stabilised. In February, the ifo indicator for the economic climate in the Eurozone revealed positive expectations for the next six months. Nevertheless, forecasts for 2013 are still subject to uncertainty. While the rescue measures adopted by the European Central Bank have been able to allay some of the fears among companies, investors and consumers regarding the future of the single currency, the situation in the debt-ridden Eurozone countries of Greece, Italy, Spain, Portugal and Cyprus remains critical. Whether, when and to what extent the restructuring measures imposed on them will produce results remains uncertain. Even Europe's second largest economy, France, is only likely to make a minor contribution to economic growth.

On the other hand, an upturn in the global economy is expected to deliver a boost and may lead to increased demand from foreign markets.

In line with general economic conditions, predictions for GDP growth in the Eurozone are low. Eurostat forecasts minimal growth of 0.1%, while the International Monetary Fund expects another slight contraction of 0.2 per cent. Both institutions expect the economy to recover in 2014. Estimates here range from 1.0 per cent (IMF) to 1.4 per cent (Eurostat).

Germany is expected to buck the European trend again and generate growth in the current year. The forecasts range from 0.4 per cent (German federal government) to 0.6 per cent (IMF) and 0.8 per cent (Eurostat), reflecting the degree of uncertainty around the euro crisis. In 2014, the rate of growth is expected to increase significantly – in line with the Eurozone – with forecasts of 1.4 per cent (IMF/Eurostat) and 1.6 per cent (German federal government).

After a year of stagnation, the UK economy is expected to return to growth in 2013. Eurostat believes the UK will see a GDP increase of 0.9 per cent in the current year and 2.0 per cent in 2014. The IMF has arrived at similar figures of 1.0 per cent and 1.9 per cent.

9.2 ADVERTISING MARKET

Up-to-date figures on the growth of the overall advertising market in Germany in 2013 were not available at the time this Annual Report was prepared. While Nielsen has made no predictions, Mindshare is forecasting "stagnation at best". The statement from the German Advertising Association (ZAW) remains vague, but does suggest a cautiously optimistic mood among the member associations surveyed. In terms of online advertising, eMarketer expects an increase of 12 per cent in 2013 and 10 per cent in 2014 for the German market. The German Online Marketing Group expects growth of 11 per cent.

In the UK, the AA/WARC expects overall advertising sales to rise by 3.1 per cent despite the uncertain economic situation. Expenditure on online advertising is expected to increase by 9.7 per cent. eMarketer makes a similar forecast of 10 per cent for 2013. Growth of 12 per cent is even thought to be possible in the coming year.

Zenith Optimedia has made a prediction up to 2015 which states that both Germany and the UK will be able to defend their position among the top ten international advertising markets. Compared to 2012, Germany is expected to grow by 7.3 per cent by 2015 and the UK by an impressive 8.0 per cent.

9.3 PERFORMANCE OF THE SYZYGY GROUP

Despite the fact that the huge growth rates in online advertising are gradually levelling off in Germany and the UK, experts are in no doubt that digital marketing will continue to gain hugely in importance. Online channels are becoming even more important as a result of the paradigm shift currently taking place from desktop PCs and laptops to tablets and smartphones.

The widespread use of mobile devices is expanding the use context and has led to changes in user behaviour. Few areas of life have eluded digitisation. The connected customer presents brands with the challenge of finding new ways to market their products and demonstrate their relevance to an increasingly sophisticated target audience. With its extensive expertise in the media, creative and technological fields, SYZYGY helps large companies to tap into the potential of new technologies and devices, and find new ways of approaching and selling to customers.

SYZYGY currently sees opportunities for organic and inorganic growth primarily in Germany. The highly successful financial year experienced by SYZYGY Deutschland GmbH demonstrated that separating the agency business and the platform business at the beginning of the year was the right thing to do and key to driving growth in the two business areas.

Hi-ReS! Berlin GmbH, established in January 2012, acquired an important new client in the form of car manufacturer BMW and is expected to break even in the current financial year.

For the 2013 and 2014 financial years, the SYZYGY Group expects organic growth in sales of 10 per cent, to which both the Germany and UK segments will contribute. Earnings are expected to grow at an above-average rate in 2013 now that the start-up costs for Hi-ReS! Berlin that adversely affected EBIT in 2012 no longer apply. SYZYGY therefore expects to see an increase in earnings of around 30 per cent in 2013. For 2014, SYZYGY forecasts an increase in EBIT relative to sales growth. Any acquisitions may affect these forecasts positively or negatively.

10. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date that could have a material impact on the Company's net assets, financial position or results of operations.

11. DECLARATION ON CORPORATE GOVERNANCE IN ACCORDANCE WITH ARTICLE 289A OF THE HANDELSGESETZBUCH (HGB – GERMAN COMMERCIAL CODE)

On October 30, 2012 the Management Board and Supervisory Board issued and published an updated declaration relating to the Corporate Governance Code.

Operation of the Management Board and Supervisory Board is also described in the declaration on corporate governance.

Both declarations can be viewed on our Investor Relations website at ir.syzygy.co.uk

RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v.d.H., March 20, 2013

SYZYGY AG
The Management Board

CONSOLIDATED BALANCE SHEET

ASSETS		12/31/2012	12/31/2011
	NOTE	EUR'000	EUR'000
Non-current assets			
Goodwill	(3.1)	19,701	19,495
Fixed assets, net	(3.2)	2,792	2,565
Fixed asset investment	(3.3)	668	604
Other assets	(3.4)	525	511
Deferred tax assets	(3.5)	2,046	603
Total non-current assets		**25,732**	**23,778**
Current assets			
Cash and cash equivalents	(3.6)	6,103	7,533
Marketable securities	(3.6)	20,693	12,024
Accounts receivable, net	(3.7)	9,840	8,523
Prepaid expenses and other current assets	(3.8)	1,922	2,203
Total current assets		**38,558**	**30,283**
Total assets		**64,290**	**54,061**

EQUITY AND LIABILITIES		12/31/2012	12/31/2011
	NOTE	EUR'000	EUR'000
Equity			
Common stock*	(3.9.1)	12,828	12,828
Additional paid-in capital	(3.9.3)	20,207	20,207
Own shares	(3.9.4)	-116	-116
Accumulated other comprehensive income	(3.9.5)	-265	-2,900
Retained earnings	(3.9.6)	16,651	9,918
Minorities		-260	0
Total Equity		**49,045**	**39,937**
Non-current liabilities			
Long term liability	(3.13)	134	200
Deferred tax liabilities	(5.7)	89	57
Total non-current liabilities		**223**	**257**
Current liabilities			
Tax accruals and liabilities	(3.12)	1,222	785
Accrued expenses	(3.11)	2,885	2,170
Customer advances		2,597	2,052
Accounts payable	(3.11)	7,769	8,255
Other current liabilities	(3.13)	549	605
Total current liabilities		**15,022**	**13,867**
Total liabilities and equity		**64,290**	**54,061**

* Contingent Capital EUR 1,200,000 (prior year: EUR 1,200,000)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2012	2011	CHANGE
	NOTE	EUR'000	EUR'000	
Billings	(5.1)	**77,598**	**72,062**	**8 %**
Media Costs	(5.1)	-46,483	-43,749	6 %
Sales	(5.1)	**31,115**	**28,313**	**10 %**
Cost of revenues		-22,264	-19,609	14 %
Sales and marketing expenses		-3,036	-2,542	19 %
General and administrative expenses		-4,071	-3,939	3 %
Other operating income/expense, net	(5.2)	377	365	3 %
Operating profit		**2,121**	**2,588**	**-18 %**
Financial income, net	(5.6)	1,283	1,387	-7 %
Income before taxes		**3,404**	**3,975**	**-14 %**
Income taxes	(5.7)	5,618	-1,097	n.a.
Period net income		**9,022**	**2,878**	**213 %**
Currency translation adjustment	(5.8)	433	241	80 %
Net unrealised gains/losses on marketable securities	(3.6)	3,184	-1,550	n.a.
Tax effect		-982	516	n.a.
Other comprehensive income		**2,635**	**-793**	**n.a.**
Comprehensive income		**11,657**	**2,085**	**459 %**
thereof income share to other shareholders		-272	0	n.a.
thereof income share to shareholders of SYZYGY AG		11,929	2,085	472 %
Earnings per share from total operations (basic in EUR)	(6.1)	0.73	0.22	232 %
Earnings per share from total operations (diluted in EUR)	(6.1)	0.72	0.22	227 %

CONSOLIDATED STATEMENT OF CASH FLOWS

	2012	2011
	EUR'000	EUR'000
Period net income	9,022	2,878
Adjustments to reconcile income from continuing operations to net cash provided by operating activities		
– Writedown of marketable securities	0	-213
– Depreciation on fixed assets	704	628
– Profit and loss on sale of securities	295	-236
– Income of at equity investments	-16	-62
– Other non-cash income and expenses	-19	50
Changes in operating assets and liabilities:		
– Accounts receivable and other assets	-1,642	2,169
– Customer advances	545	-347
– Accounts payable and other liabilities	992	-2,222
– Tax accruals and payables, deferred taxes	-2,159	-646
Cash flows provided by operating activities	**7,722**	**1,999**
Proceeds from sale of fixed assets	3	113
Changes in other non-current assets	-14	-24
Investments in fixed assets	-910	-1,495
Purchases of marketable securities	-21,424	-5,135
Proceeds from sale of marketable securities	15,730	10,052
Acquisition of associated companies	0	-531
Acquisition of consolidated companies	0	-723
Cash flows used in investing activities	**-6,615**	**2,257**
Dividend	-2,561	-2,561
Cash inflows from issuance of share capital from minority shareholders	12	0
Cash flows from financing activities	**-2,549**	**-2,561**
Total	**-1,442**	**1,695**
Cash and cash equivalents at the beginning of the year	**7,533**	**5,839**
Exchange rate differences	**12**	**-1**
Cash and cash equivalents at the end of the year	**6,103**	**7,533**

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

EUR'000	NUMBER OF SHARES (IN 1,000)	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	OWN SHARES	RETAINED EARNINGS	ACCUM. OTHER COMPRE-HENSIVE INCOME: FOREIGN EXCHANGE CURRENCY	ACCUM. OTHER COMPRE-HENSIVE INCOME: UNREALISED GAINS AND LOSSES	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF SYZYGY AG	MINORITY INTEREST	TOTAL EQUITY
January 01, 2011	**12,828**	**12,828**	**20,207**	**-116**	**9,601**	**-2,067**	**-40**	**40,413**	**0**	**40,413**
Comprehensive income					2,878	241	-1,034	2,085		2,085
Dividend					-2,561			-2,561		-2,561
December 31, 2011	**12,828**	**12,828**	**20,207**	**-116**	**9,918**	**-1,826**	**-1,074**	**39,937**	**0**	**39,937**
January 01, 2012	**12,828**	**12,828**	**20,207**	**-116**	**9,918**	**-1,826**	**-1,074**	**39,937**	**0**	**39,937**
Comprehensive income					9,294	433	2,202	11,929	-272	11,657
Dividend					-2,561			-2,561		-2,561
Changes in first consolidation and shares								0	12	12
December 31, 2012	**12,828**	**12,828**	**20,207**	**-116**	**16,651**	**-1,393**	**1,128**	**49,305**	**-260**	**49,045**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES AND METHODS

1.1 GENERAL

The consolidated financial statements of SYZYGY AG ("SYZYGY", "SYZYGY Group", "Group" or "Company" in the following) for the 2012 financial year have been prepared in accordance with the principles of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) in the applicable version of December 31, 2012, as they are to be applied in the European Union and in line with the supplementary provisions of Article 315a of the Handelsgesetzbuch (HGB – German Commercial Code). The financial year corresponds to the calendar year.

The Company was entered in the Commercial Register at the District Court of Bad Homburg (HRB 6877) on May 1, 2000 under the company name SYZYGY AG. The Company's registered office is in Bad Homburg, Germany. Its address is: SYZYGY AG, Im Atzelnest 3, 61352 Bad Homburg v. d. H., Germany.

1.2 BUSINESS ACTIVITY

SYZYGY is a global agency group for digital marketing. SYZYGY AG acts as a management holding company by providing central services relating to strategy, planning, technology development, accounting, IT infrastructure and finance. SYZYGY AG also supports the subsidiaries in relation to new business activities and generated sales from projects with third parties in the 2012 financial year. As operating entities, the subsidiaries are responsible for providing consultancy and other services. With branches in Bad Homburg, Berlin, Frankfurt/Main, Hamburg, London and New York, the Group's subsidiaries offer large companies an integrated portfolio of corporate Internet solutions, from strategic consulting to project planning, concepts, design and technical realisation. SYZYGY's services are complemented by search engine marketing and online media planning. As a service provider for technology, creative input and media, SYZYGY enables clients to use digital media as innovative tools for communication and marketing. The Group's business focus is on the automotive, telecommunications/IT, retail and consumer goods, and financial services industries.

1.3 SCOPE OF CONSOLIDATION

The consolidated financial statements are based on the annual financial statements of the companies consolidated in the Group, which were prepared in accordance with IFRS-compliant accounting and valuation principles. The reporting dates for these companies correspond to the reporting date for the Group.

As at December 31, 2012, the following subsidiaries were included in the consolidated financial statements of SYZYGY AG as the top-level parent company and fully consolidated, since SYZYGY AG holds the majority of the voting rights, directly or indirectly, and it can control the financial and corporate policy of these companies:

- Hi-ReS! Berlin GmbH, Berlin, Germany (Hi-ReS! BER)
- Hi-ReS! Hamburg GmbH, Hamburg, Germany (Hi-ReS! HH)
- Hi-ReS! London Ltd, London, United Kingdom (Hi-ReS! LON)
- Hi-ReS! New York Inc., New York City, United States of America (Hi-ReS! NY)
- Mediopoly Ltd, Jersey, United Kingdom (Mediopoly)
- SYZYGY Deutschland GmbH, Bad Homburg v.d.H., Germany (SYZYGY Deutschland)
- SYZYGY UK Ltd, London, United Kingdom (SYZYGY UK)
- uniquedigital GmbH, Hamburg, Germany (uniquedigital)
- Unique Digital Marketing Ltd, London, United Kingdom (Unique Digital UK)

In addition to the fully consolidated subsidiaries, Ars Thanea s.k.a., Warsaw, Poland (Ars Thanea) is also included in SYZYGY's consolidated financial statements as a joint venture based on the at equity method.

Joint ventures are companies that are controlled jointly with others.

1.4 PRINCIPLES OF CONSOLIDATION

The assets and liabilities included in the consolidated financial statements have been reported in line with the standardised accounting and valuation guidelines applicable to SYZYGY in accordance with IFRS.

The capital is consolidated in accordance with IFRS 3 using the purchase method. The book values of the subsidiaries are offset against the subsidiary's equity at the time of acquisition. For this purpose, assets, liabilities and contingent liabilities are recognised at their current fair value. The residual difference is reported as goodwill under intangible assets. In line with IFRS 3, existing and purchased goodwill is not amortised, but rather tested for impairment at least once a year or if there are indications of impairment losses, in accordance with the provisions of IAS 36, using a single-stage test procedure.

To eliminate inter-company accounts, receivables and payables between all consolidated subsidiaries are netted out. The differences arising from elimination of inter-company accounts are recognised in the consolidated statement of comprehensive income and reported in "Other operating income and expenses".

When consolidating expenses and revenues, inter-company revenues are charged against the corresponding expenditures. If valuation allowances have been recognised in individual financial statements for the shares of consolidated companies or for inter-company receivables, these are reversed during consolidation.

Due to the type of business and the structure of the Group, no determination and elimination of interim results takes place.

Joint ventures that are included in the consolidated financial statements based on the equity method are recognised on acquisition at their pro rata revalued assets (plus any goodwill), liabilities and contingent liabilities. The goodwill resulting from application of the equity method is not amortised. The carrying amount of the stake resulting from application of the equity method is tested for impairment if there are indications of impairment losses. If the carrying amount of the stake exceeds its recoverable amount, an impairment loss expense corresponding to the difference must be recorded. The recoverable amount is established through the fair value, less selling expenses and value in use.

Income tax effects are taken into account and deferred taxes are recognised during consolidation procedures that affect income.

1.5 USE OF ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that may affect the reported amounts of assets, liabilities and financial obligations at the reporting date and income and expenses during the reporting period. Estimates were required in particular when evaluating provisions, receivables associated with work in progress, option rights and correspondingly in the case of goodwill.

Measurement of tangible fixed assets and intangible assets requires estimates for calculating fair value at the date of acquisition, if they were acquired as part of a business combination. The expected useful life of the assets must also be estimated. Assessments made by management are used as a basis for determining the fair value of assets.

The recoverable amount for the cash generating units was calculated on the basis of assessments made by management as part of the impairment test. Section 3.1, Goodwill, contains further details.

Management establishes provisions for doubtful receivables to take account of expected losses resulting from the insolvency of customers. The criteria that management uses to assess provisions for doubtful receivables include the breakdown by maturity of the balances receivable and experience of derecognising receivables in the past, customers' credit ratings and changes to payment terms. If the financial position of customers deteriorates, the actual derecognition may exceed the scope of the expected derecognition.

When determining deferred tax assets and liabilities, the expected actual income tax must also be calculated for each tax object and an assessment made of temporary differences resulting from the different treatment of certain items between the financial statements for IFRS purposes and for tax reporting purposes. Any temporary differences will result in the recognition of deferred tax assets and liabilities in the consolidated financial statements. Deferred tax assets are recognised to the extent that they are likely to be used. If there is a change in the impairment test for deferred tax assets, the recognised deferred tax assets (as originally established) must be reduced and recognised in net income or such that net income is not affected, or adjusted deferred tax assets must be capitalised and recognised in net income or such that net income is not affected. The recognition and measurement of provisions depend to a large extent on estimates made by SYZYGY. The judgement that a financial liability has arisen or quantification of the possible amount of the payment obligation is based on an assessment of the particular situation by management. Provisions for expected losses are established if it is highly unlikely that performance and consideration relating to the transaction will balance each other and this loss can be reliably estimated.

Actual results may differ from these estimates. Assumptions and estimates are always made on the basis of the most recent information available at the time. If the outcome deviates from expectations, the relevant items will be adjusted if necessary.

Please see the breakdown of the individual items in the consolidated financial statements for the carrying amounts of the assets and liabilities subject to estimation uncertainties as at the reporting date.

1.6 FOREIGN CURRENCY TRANSLATION

The notion of a functional currency is applied to translation of financial statements of consolidated companies prepared in foreign currencies. Since the foreign subsidiaries are economically independent, the local currency is the functional currency of these companies. For this reason, in accordance with IAS 21.38 ff assets and liabilities are translated using the exchange rate at the balance sheet date, whereas income and expenses are translated at the average annual exchange rate. Translation differences are shown in other income in the statement of comprehensive income without affecting net income. In accounting for fixed assets, the position is converted at the start and at the end of the financial year using the exchange rate at the respective date and the remaining items are converted at average rates of exchange. Any difference is shown as an exchange rate difference in a separate line, both for acquisition and production costs and for accumulated depreciation and amortisation.

In the individual financial statements of the consolidated companies, which are prepared in local currency, monetary items in foreign currency are valued at the end of the year in accordance with IAS 21 using the exchange rate at the closing date. Any resulting foreign currency gains or losses directly affect income.

1.7 ADOPTION OF PUBLISHED STANDARDS (IFRS) AND INTERPRETATIONS (IFRIC)

BULLETINS OR AMENDMENTS TO THEM ADOPTED FOR THE FIRST TIME IN THE FINANCIAL YEAR

In the course of the financial year, SYZYGY AG observed the following bulletins or amendments to bulletins issued by the IASB for the first time:

- IFRS 7 Financial Instruments: Disclosures – transfer of financial assets (amendment)
  The amendments give rise to extended disclosure requirements for the transfer of financial assets (such as securitisations). The amendment stipulates extended disclosure requirements to demonstrate the relationship between financial assets that have been transferred but not yet derecognised, or not in their entirety, and the related liabilities. For example, the nature of the opportunities and risks to which the company is exposed must be disclosed. The nature and extent of the risk arising from the continuing involvement must also be disclosed in the case of derecognised financial assets.

  Requirements include the following:
  - disclosure of the maximum exposure to loss arising from the continuing involvement, and
  - a maturity analysis of future cash outflows.

In the first year of adoption, companies are exempt from providing comparative disclosures for prior periods.

First-time adoption of the amended IFRS 7 does not have any impact on the Group’s net assets, financial position or results of operations.

Standards that have been published and transposed into EU law, but not yet adopted

The following standards, interpretations and amendments had been published by the IASB up to the balance sheet date and transposed into EU law, but do not apply to SYZYGY AG until the subsequent period. SYZYGY AG has not opted for early adoption.

The impact of first-time application of these standards on the SYZYGY Group's consolidated net assets, financial position and results of operations is currently still being examined. SYZYGY does not, however, expect them to have a material impact.

Amendment/Standard	**PUBLICATION DATE**	**DATE OF TRANSPOSITION INTO EU LAW**	**ADOPTION DATE (EU)**
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	June 16, 2011	June 5, 2012	July 1, 2012
Amendments to IAS 19 Employee Benefits	June 16, 2011	June 5, 2012	Jan. 1, 2013
IFRS 10 Consolidated Financial Statements	May 12, 2011	Dec. 11, 2012	Jan. 1, 2014
IFRS 11 Joint Arrangements	May 12, 2011	Dec. 11, 2012	Jan. 1, 2014
IFRS 12 Disclosures of Interests in Other Entities	May 12, 2011	Dec. 11, 2012	Jan. 1, 2014
IFRS 13 Fair Value Measurement	May 12, 2011	Dec. 11, 2012	Jan. 1, 2013
IAS 27 Separate Financial Statements	May 12, 2011	Dec. 11, 2012	Jan. 1, 2014
IAS 28 Investments in Associates and Joint Ventures	May 12, 2011	Dec. 11, 2012	Jan. 1, 2014
Deferred tax: Recovery of Underlying Assets (Amendments to IAS 12)	Dec. 20, 2010	Dec. 11, 2012	Start of the first financial year beginning on or after the date when the regulation comes into force*
Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (Amendments to IFRS 1)	Dec. 20, 2010	Dec. 11, 2012	Start of the first financial year beginning on or after the date when the regulation comes into force*
Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	Dec. 16, 2011	Dec. 13, 2012	Jan. 1, 2013
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	Dec. 16, 2011	Dec. 13, 2012	Jan. 1, 2014
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	Oct. 19, 2011	Dec. 11, 2012	Jan. 1, 2013

* The regulation comes into force three days after the date of publication in the official journal of the European Union. The release was published on December 29, 2012.

STANDARDS, INTERPRETATIONS AND BULLETINS THAT HAVE BEEN PUBLISHED BUT NOT YET TRANSPOSED INTO EU LAW AND NOT YET ADOPTED

The following standards, interpretations and amendments had been published by the IASB up to the balance sheet date, but not yet transposed into EU law and have not yet been adopted by SYZYGY AG.

At present, SYZYGY does not view the amendments as materially relevant to its financial statements.

Amendment/Standard	PUBLICATION DATE	DATE OF TRANSPOSITION INTO EU LAW	ADOPTION DATE (EU)
IFRS 9 Financial Instruments and subsequent amendments (amendments to IFRS 9 and IFRS 7)	Nov. 2, 2009 / Dec. 16, 2011	Postponed	Jan. 1, 2015
Government Loans (Amendments to IFRS 1) 13 March	March 13, 2012	Q1/2013	Jan. 1, 2013
Improvements to IFRSs 2009-2011	May 17, 2012	Q1/2013	Jan. 1, 2013
Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	June 28, 2012	Q1/2013	Jan. 1, 2013
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	Oct. 31, 2012	Q3/2013	Jan. 1, 2014

1.8 OTHER INFORMATION

Unless stated otherwise, amounts in the Company's consolidated financial statements are in thousands of euros. The accounts are based on the assumption that the business will be continued as a going concern.

In accordance with application of IAS 1, the balance sheet is divided into non-current and current assets and liabilities. Assets and liabilities which are due within one year are regarded as current. Irrespective of their maturity, inventories and accounts receivable and payable are also regarded as current if they are not sold, consumed, or become due within one year, but are sold, consumed, or become due within the normal course of the operating cycle.

The statement of comprehensive income has been prepared in accordance with IAS 1.103 using the cost of sales method for expenses and income to be reported as net income. Sales are shown against the expenses incurred in generating them. These expenses can be allocated to the functional areas production, sales, and general administration.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 INTANGIBLE ASSETS, GOODWILL AND FIXED ASSETS

Intangible assets comprise goodwill, brand equity and software.

Intangible assets are accounted for in the balance sheet and initially measured in accordance with IAS 38. Consequently, individually purchased intangible assets are recognised at cost and amortised using the straight-line method over a period of three years if they have a finite useful life. The scheduled expense resulting from amortisation is reported under functional costs in the statement of comprehensive income, according to allocation of assets to the functional areas of the company.

Intangible assets arising from acquisition of a company are measured at their fair values at the time of the acquisition in accordance with IFRS 3. Subsequent cases of impairment are treated as unscheduled write-downs. If the fair value of assets which have been the subject of an unscheduled write-down increases, the increase is recorded as a reversal.

In accordance with IFRS 3 in conjunction with IAS 36 and 38, intangible assets with indefinite useful lives, such as goodwill from company acquisitions, are not amortised but tested for impairment at least once a year. When carrying out the impairment test, the carrying amounts of the equity capital of the cash generating units underlying the goodwill, including the carrying amounts of the goodwill allocated to the respective cash generating unit, are compared on December 31 with the recoverable amounts of these cash generating units. The recoverable amount is the higher of the fair value less costs to sell and the value in use. SYZYGY defines the individual companies as cash generating units. The values in use are determined using the discounted cash flow (DCF) method. Future cash flows to be discounted using the DCF method are determined using medium-term planning for financial and asset positions and results of operations. Past experience, knowledge of current operational results and management estimates of future developments are all reflected in this planning. Market and sector forecasts by leading industry analysts are also usually taken into account; please see the corresponding comments in the Management Report. Management estimates of future developments in particular, such as sales performance, involve a high degree of uncertainty. If the carrying amount to be tested exceeds the recoverable amount according to the DCF method, impairment applies and the value is written down to the recoverable amount.

Fixed assets include leasehold improvements and other equipment and are carried at cost less accumulated depreciation. Leasehold improvements are depreciated on a straight-line basis over their estimated useful life or the term of the lease, whichever is shorter. Operational and office equipment is depreciated on a straight-line basis, normally over a period of between three and thirteen years.

If indications of unscheduled impairment losses on intangible assets or tangible fixed assets occur, a decision needs to be made in accordance with IAS 36 as to whether the fixed assets concerned should be written down to their market value or fair value. This is the case if the recoverable amount is lower than the carrying amount. If reasons for unscheduled write-downs of fixed assets – except for goodwill – cease to apply, the write-downs are reversed.

2.2 FINANCIAL INSTRUMENTS

Financial instruments with respect to SYZYGY include securities and cash.

Securities classified as available-for-sale in accordance with IAS 39 are carried at cost when first reported, generally corresponding to fair value, and subsequently at fair value, which usually corresponds to market values in the financial markets. Unrealised gains and losses are reported in the "Other net income" item in equity capital and in the statement of comprehensive income in "Change in unrealised gains and losses on available-for-sale securities which does not affect income". Exceptions include non-temporary impairment losses, and gains and losses from foreign currency translation of monetary items, which are recognised in the income statement. If an available-for-sale security is sold or a long-term or significant impairment is detected, the gains and losses previously accumulated in the revaluation reserve for financial investments are recognised in net income. Impairments recognised in income in the past are not reversed in net income in the case of equity instruments. In contrast, reversals of impairment losses on debt capital instruments are recognised in net income.

Changes in interest rates may lead to fluctuation in the price of fixed-income securities, depending on their duration. No hedging is entered into for this purpose.

2.3 ACCOUNTS RECEIVABLE

Accounts receivable are recorded at the time of revenue recognition, i.e. on delivery to the client. Recognisable risks are taken into account by making value corrections. Accounts receivable are stated at their nominal value if no allowances are necessary due to default risk. Receivables due after more than one year are discounted in line with market rates. Services performed as part of fixed-price projects which are realised according to the percentage of completion method (PoC) are also shown in accounts receivable (see also section 2.9, Revenue recognition).

2.4 TREASURY STOCK

Treasury stock is reported as a reduction in equity. The total purchase cost is disclosed as an item to be deducted from equity.

Gains from the sale of treasury stock are allocated to additional paid-in capital such that net income is not affected.

2.5 DEFERRED TAXES

Deferred tax assets and liabilities are recognised for temporary differences between the valuations in the consolidated balance sheet in accordance with IFRS and the tax accounts as well as for tax loss carry-forwards.

Deferred tax assets and liabilities are shown separately in the balance sheet, unless they can be offset against each other for submission to the same tax authority. Deferred taxes are stated using the statutory tax rates expected to apply in the countries in question at the time of realisation.

The carrying amount of deferred tax assets is examined every year on the reporting date and is marked down if it is no longer likely that a taxable profit will be available against which the deductible temporary difference or the loss carry-forward for income tax purposes can be applied.

2.6 ACCOUNTS PAYABLE AND OTHER PROVISIONS

In accordance with IAS 39, current liabilities are shown at the time of acquisition at the settlement amount, which approximates to their market value. Non-current liabilities are determined according to the effective interest method by discounting the settlement amount, a process which is continued until maturity.

Other provisions are formed if a legal or de facto obligation to a third party is incurred, the claim is probable and the amount payable can be reliably assessed. In determining other provisions, all applicable costs are taken into consideration.

2.7 CONTINGENT LIABILITIES

Contingent liabilities are potential obligations resulting from past events, whose existence is conditional on the occurrence or non-occurrence of one or more uncertain future events that are not fully under the control of SYZYGY. Contingent liabilities are also present obligations resulting from past events, in which the outflow of resources with economic benefit is unlikely or in which the scope of the obligation cannot be reliably estimated.

Contingent liabilities are carried at fair value if they were acquired in the course of a company acquisition. Contingent liabilities that were not acquired in the course of a company acquisition are not recognised in the accounts.

2.8 OTHER ASSETS AND LIABILITIES

Other assets and liabilities are recognised at their nominal value or at settlement amount. Any impairments of other assets are taken into account through individual value adjustments.

2.9 REVENUE RECOGNITION

SYZYGY generates sales from consulting and development services and from implementing advertising campaigns.

Sales from consulting services and from production of digital media content are recognised when the services are rendered in accordance with the terms of the contractual agreement, the payment is reasonably assured and the budget is fixed or determinable.

Consulting services on a fixed-price basis are recognised in line with the percentage of completion method. The percentage of completion of a project is calculated by the ratio of realised time units to all the time units planned for completion of the project. Adjustments are regularly made based on updated planning. Provisions for expected losses on contracts are established in full in the period in which such losses become apparent.

With some projects, milestones are specified. In these cases, sales associated with a particular milestone are recognised when the Company has performed all work related to the milestone and the client has accepted the performance.

Income from interest and comparable items is recognised on an accrual basis.

2.10 EXPENSES FOR OPERATING LEASES
Under current IFRS rules, the beneficial ownership of leased assets is attributed to the contracting partner in a leasing arrangement who bears the major opportunities and risks associated with the leased asset. In an operating lease, the lessor bears the major opportunities and risks, with the result that the leased asset is recognised on the lessor's balance sheet.

In an operating lease, the leasing instalments paid by the lessee during the period of the leasing arrangement are recognised in the income statement.

2.11 ADVERTISING EXPENSES
Advertising expenses are included in the consolidated statement of comprehensive income at the time they are incurred.

2.12 INCOME TAXES
Actual income taxes are determined on the basis of the tax rules applicable in the countries in which the respective company operates. In accordance with IAS 12, calculation of deferred taxes includes tax deferments on different valuations of assets and liabilities in the accounts prepared for financial accounting purposes (IFRS) and the accounts prepared for tax purposes. Current and deferred taxes are recognised as an expense or income unless they are associated with items whose changes in value are recognised directly in equity. In such cases, the deferred tax is also recognised directly in equity.

2.13 EARNINGS PER SHARE
Earnings per share are calculated in accordance with IAS 33 and correspond to total net income of the Group divided by the weighted average number of shares in circulation during the financial year. The acquisition of treasury stock reduces the number of shares in circulation accordingly.

In addition to the outstanding shares, all outstanding options which have not been exercised and whose intrinsic value during the reporting period was positive are taken into consideration when calculating diluted earnings. The intrinsic value is the difference between the fair value and exercise price of an option. The number of additional shares to be taken into consideration according to this principle is calculated by offsetting the proceeds generated by exercising the shares against the fair value of the shares. The difference between these two figures, expressed as the number of shares at fair value, corresponds to the dilution effect which would have arisen if these options had been exercised.

2.14 STOCK OPTION PLANS
According to IFRS 2, the cost of issuing stock options should be recorded in the income statement as a personnel expense if it is highly likely that the option scheme will not be implemented in shares, but rather in cash (bonus agreement based on share price). SYZYGY AG expects that this will be the case with its present option scheme, for two reasons: firstly, the Company has a choice with regard to the method of implementation; secondly, financial circumstances and experience from previous option schemes are factors against implementation in the form of issuing new shares. The market value of the option is determined as at the balance sheet date and the relevant expense is recognised up to the exercise date on a pro rata basis. The Company's obligation was reported as a provision.

3. NOTES TO THE CONSOLIDATED BALANCE SHEET

3.1 GOODWILL

Reported goodwill of kEUR 19,701 (previous year: kEUR 19,495) arose from the acquisition of uniquedigital in Hamburg, Unique Digital UK in London and Hi-ReS! LON. Goodwill includes exercising the option to acquire the outstanding 20 per cent of the shares in Hi-ReS! LON.

SYZYGY defines the individual companies as cash generating units. The values in use are determined using the discounted cash flow (DCF) method. Future cash flows to be discounted using the DCF method are determined using medium-term planning for financial and asset positions and results of operations. In the course of determining the EBIT figures, the underlying planning was adjusted accordingly. The adjustments to the option entitlement in relation to Hi-ReS! LON led to a deduction from goodwill of kEUR 66 (previous year: 66) in the 2012 financial year.

Goodwill and intangible assets with indefinite useful lives acquired in the course of business combinations were allocated to the following cash generating units for impairment testing:

- uniquedigital
- Unique Digital UK
- Hi-ReS! LON

The following table shows the carrying amounts of the goodwill allocated to the cash generating units and of intangible assets with indefinite useful lives.

	UNIQUEDIGITAL			UNIQUE DIGITAL UK			HI-RES! LON			TOTAL		
EUR'000	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**
Goodwill	8,841	8,841	8,841	8,663	8,450	8,308	2,197	2,204	2,252	**19,701**	19,495	19,401
Intangible assets	0	0	0	133	130	127	181	176	174	**314**	306	301

An impairment test of goodwill on December 31, 2012 revealed that there was no need to recognise an impairment loss. The recoverable amount for the cash generating units was calculated on the basis of the value in use using cash flow forecasts as at December 31, 2012. The forecasts are based on financial planning approved by management for a period of the next five years, updated each year. The most important assumptions underlying the determination of fair value include assumptions of growth rates, margin development and discount rate.

In the case of the Unique Digital UK and Hi-ReS! LON cash generating units in the UK, a risk-free interest rate of 2.89 per cent (previous year: 2.92 per cent), a risk premium of 5.8 per cent (previous year: 5.0 per cent) and a sector beta of 0.59 (previous year: 0.6) were used as a basis, producing a WACC (Weighted Average Cost of Capital) of 6.3 per cent (previous year: 5.9 per cent) after tax, or 8.5 per cent (previous year: 8.2 per cent) before tax. An average tax rate of 26 per cent was applied (previous year: 28 per cent). The relevant business plans are based on expected sales growth at Hi-ReS! LON of 22 per cent p.a. (previous year: 20.2 per cent) for 2013 and 5 per cent p.a. (previous year: 5 per cent) for the years 2014 to 2017 and a terminal value of 0 per cent. In the case of Unique Digital UK, the business plans for 2013 are based on expected sales growth of 38.6 per cent p.a. (previous year: 8.6 per cent) and sales growth of 10 per cent p.a. (previous year: 10 per cent) from 2014 to 2017, and a terminal value of 0 per cent. For 2013, the growth rate corresponds exactly to the budget plans of the cash generating units, while subsequent developments are in line with the general market performance of the respective country.

Market research institutes expect the online advertising market in the UK to grow by 10 per cent in 2013. Based on the underlying information, management did not identify any need in the updated analysis for impairment either at Unique Digital UK or Hi-ReS! LON. Goodwill of kEUR 8,663 (previous year: kEUR 8,450) for Unique Digital UK and kEUR 2,217 (previous year: kEUR 2,204) for Hi-ReS! LON is allocated to the respective cash generating units.

In the case of uniquedigital in Germany, a risk-free interest rate of 2.21 per cent (previous year: 2.55 per cent), an unchanged risk premium of 5.8 per cent and a sector beta of 0.59 (previous year: 0.6) were assumed, producing a WACC (Weighted Average Cost of Capital) of 5.6 per cent (previous year: 5.6 per cent) after tax, or 8.0 per cent (previous year: 7.9 per cent) before tax. An unchanged average tax rate of 30 per cent was applied. The business plan envisages sales growth of 24 per cent p.a. (previous year: decrease in sales of 0.4 per cent) for 2013 and 10 per cent p.a. sales growth (previous year: 23 per cent) for 2014, with 10 per cent p.a. sales growth (previous year: 10 per cent) in the years 2015 to 2017. The terminal value is set at 0 per cent.

Market research institutes expect growth for the advertising market in Germany of 12 per cent for 2013. Based on the underlying information, management did not identify any need in the updated analysis for impairment at uniquedigital, to which unchanged goodwill of kEUR 8,841 is allocated.

If the key assumptions regarding interest rates, growth rates and margin development change, different values in use for the cash generating units will result. A rise of 100 basis points in the interest rate for 30-year government bonds would result in a rise in WACC before tax of the same extent in Germany and consequently a 20 per cent drop in values in use due to the higher discount factor. The effect on values in use in the UK would be similar.

If the growth rates for the online marketing companies uniquedigital and Unique Digital UK decline from 10 per cent p.a. to 5 per cent p.a. from 2014 onwards, there would be no need for depreciation. If the growth rates at Hi-ReS! LON decline from 5 per cent p.a. to 3 per cent p.a. from 2014 onwards, there would be a need for depreciation of kEUR 955.

3.2 GOODWILL, INTANGIBLE ASSETS AND FIXED ASSETS

Fixed assets changed as follows in the financial year:

EUR'000	GOODWILL	INTANGIBLE ASSETS	LEASEHOLD IMPROVEMENTS	OPERATIONAL AND OFFICE EQUIPMENT	TOTAL
Cost January 1, 2012	**19,495**	**926**	**1,258**	**5,358**	**27,037**
Additions	8	91	151	668	918
Disposals	-66	-120	0	-174	-360
Exchange rate changes	264	14	2	24	304
Cost December 31, 2012	**19,701**	**911**	**1,411**	**5,876**	**27,899**
Accumulated amortisation, depreciation and write-downs January 1, 2012	**0**	**563**	**567**	**3,847**	**4,977**
Additions	0	52	112	540	704
Disposals	0	-120	0	-171	-291
Exchange rate changes	0	3	1	12	16
Accumulated amortisation, depreciation and write-downs Dec. 31, 2012	**0**	**498**	**680**	**4,228**	**5,406**
Carrying amount at December 31, 2012	**19,701**	**413**	**731**	**1,648**	**22,493**
Carrying amount at December 31, 2011	**19,495**	**363**	**691**	**1,511**	**22,060**

Fixed assets changed as follows in the previous year:

EUR'000	GOODWILL	INTANGIBLE ASSETS	LEASEHOLD IMPROVEMENTS	OPERATIONAL AND OFFICE EQUIPMENT	TOTAL
Cost January 1, 2011	**19,401**	**901**	**733**	**4,650**	**25,685**
Additions	1	17	572	907	1,497
Disposals	-111	0	-49	-223	-383
Exchange rate changes	204	8	2	24	238
Cost December 31, 2011	**19,495**	**926**	**1,258**	**5,358**	**27,037**
Accumulated amortisation, depreciation and write-downs January 1, 2011	**0**	**505**	**554**	**3,475**	**4,534**
Additions	0	55	37	536	628
Disposals	0	0	-25	-179	-204
Exchange rate changes	0	3	1	15	19
Accumulated amortisation, depreciation and write-downs December 31, 2011	**0**	**563**	**567**	**3,847**	**4,977**
Carrying amount at December 31, 2011	**19,495**	**363**	**691**	**1,511**	**22,060**

Intangible assets include brand equity of kEUR 314 (previous year: kEUR 306) after foreign currency effects. This brand equity is due to first-time consolidation of Hi-ReS! LON and Unique Digital UK. It is fully allocated to the UK segment and has an indefinite useful life, since there is no foreseeable end to the economic life of these brands. Operational and office equipment mainly refers to hardware and office fittings. There were no indications of a need for unscheduled amortisation in the financial year.

3.3 FINANCIAL INVESTMENTS MEASURED AT EQUITY

On August 3, 2011, SYZYGY AG acquired 26 per cent of the shares in Polish design studio Ars Thanea s.k.a., Warsaw. Ars Thanea is included in the consolidated financial statements as a joint venture based on the at equity method, since the control attributes required for full consolidation do not exist.

The purchase price of PLN 2,400,000 was paid in cash in the previous year, corresponding to kEUR 531. As at the reporting date, Ars Thanea had non-current assets of kEUR 2,292 (previous year: kEUR 2,071) and current assets of kEUR 468 (previous year: kEUR 365). Total assets are thus kEUR 2,760 (previous year: kEUR 2,436).

Current liabilities amount to kEUR 11 (previous year: kEUR 166), while there are no non-current liabilities, as in the previous year. In 2012, Ars Thanea generated sales of kEUR 1,692 (previous year: kEUR 1,246) and after-tax earnings of kEUR 63 (previous year: kEUR 323). SYZYGY AG is entitled to 26 per cent of the generated earnings, amounting to kEUR 16 (previous year: from August to December: kEUR 62). These earnings have been recorded in financial income in SYZYGY's income statement and have the effect of increasing the stake. The value of the stake has also increased by kEUR 48 (previous year: kEUR 11) as at the reporting date due to exchange rate changes that have been favourable to SYZYGY AG. This change in value is shown in other income in the statement of comprehensive income without affecting net income. The stake in Ars Thanea is carried at kEUR 668 (previous year: kEUR 604) as at the reporting date.

3.4 OTHER NON-CURRENT ASSETS

Other non-current assets are recognised in the amount of kEUR 525 (previous year: kEUR 511). They include rent deposits of kEUR 522 (previous year: kEUR 510), which were almost completely attributable to SYZYGY UK.

3.5 DEFERRED TAX ASSETS

Deferred tax assets of kEUR 2,046 (previous year: kEUR 603) were reported in the financial year, of which kEUR 2,540 was attributable to loss carry-forwards at SYZYGY AG. There are also deferred tax liabilities resulting from different valuations for the securities, amounting to kEUR 556, which were offset. Non-tax deductible provisions relating to Investor Relations at SYZYGY AG resulted in deferred tax assets of kEUR 31 (previous year: kEUR 35).

At SYZYGY Deutschland GmbH, deferred tax assets amount to kEUR 31 due to different valuations of SYZYGY Deutschland's fixed assets. The composition of deferred tax assets is disclosed in section 5.7, Income taxes.

3.6 FINANCIAL ASSETS AND FINANCIAL INSTRUMENTS

Cash, bank deposits and time deposits with maturities under 3 months are shown in the table below:

EUR'000	12/31/2012	12/31/2011
Cash and cash equivalents	6,103	7,533

Cash and cash equivalents are measured at fair value on each reporting date and recognised in net income. The cash and cash equivalents disclosed in the consolidated statement of cash flows comprise exclusively the amounts indicated in this balance sheet item. There are no restrictions on disposal of the assets indicated here.

The "Securities" item covers debt instruments publicly issued by companies.

As in the previous year, all securities are classified as available-for-sale as at the balance sheet date and are therefore recognised at market value. As can be seen in the following table, the market value of all securities as at December 31, 2012 was kEUR 1,722 above the acquisition cost (previous year: kEUR -1,548). kEUR 1,716 (previous year: kEUR: 121) was attributable to unrealised price gains and kEUR 80 (previous year: kEUR 1,882) to unrealised price losses. Security purchases and sales are recorded on the value date. From the other comprehensive income as of December 31, 2011, losses of kEUR 703 were realised in 2012. In 2011, gains of kEUR 187 were realised.

Market value is determined using quoted market prices. The unrealised price losses are reported in "Change in unrealised gains and losses on securities which does not affect income" in the statement of comprehensive income. Non-temporary impairment losses are recognised in net income.

12/31/2012

EUR'000	COST	UNREALISED GAINS	UNREALISED LOSSES	REVERSAL OF AN IMPAIR-MENT LOSS	EFFECTIVE RATE OF INTEREST	BOOK VALUE/ MARKET VALUE
Securities (available-for-sale)	18,971	1,716	-80	0	86	**20,693**

12/31/2011

EUR'000	COST	UNREALISED GAINS	UNREALISED LOSSES	REVERSAL OF AN IMPAIR-MENT LOSS	EFFECTIVE RATE OF INTEREST	BOOK VALUE/ MARKET VALUE
Securities (available-for-sale)	13,572	121	-1,882	213	0	**12,024**

The following table shows the maturities of securities as per December 31, 2012:

EUR'000	< 1 YEAR	1-5 YEARS	5-10 YEARS	INDEFINITE	TOTAL
Securities (available-for-sale)		8,448	12,275	0	**20,693**

The following table shows the maturities of securities as per December 31, 2011:

EUR'000	< 1 YEAR	1-5 YEARS	5-10 YEARS	INDEFINITE	TOTAL
Securities (available-for-sale)	0	5,157	6,867	0	**12,024**

The performance of the securities portfolio is dependent on changes in interest rates and credit spreads. On average, the portfolio has a duration of around 6.4 (previous year: 5.7), so a change in valuation parameters of 1 per cent results in a corresponding change in the securities portfolio. This means that if credit spreads rise by 100 basis points and interest rates stay the same, the value of the securities portfolio will decline by around 6.4 per cent.

SYZYGY reduces default risk on securities by ensuring that a rating of at least BBB- (i.e. investment grade) is required in the case of new investments. All investments are continually monitored with regard to changes in rating and the investment decision is reviewed. As a matter of policy, maximum exposure to a single issuer is limited to EUR 2.0 million. In the case of new investments with a BBB- rating, exposure is limited to EUR 1.0 million. All securities are also subject to price changes which depend on credit spread changes and the remaining term to maturity.

3.7 ACCOUNTS RECEIVABLE

These items comprise the following:

EUR'000	12/31/2012	12/31/2011
Accounts receivable	9,664	8,299
Accounts receivable in line with PoC method	176	224
	9,840	**8,523**

Receivables and sales of kEUR 176 (previous year: kEUR 224) are disclosed in line with the percentage of completion method for services not yet billed. Costs of kEUR 164 (previous year: kEUR 204) were incurred for projects realised using the percentage of completion method. This results in a margin of kEUR 12 (previous year: kEUR 20).

According to IAS 39, accounts receivable fall into the "Loans and receivables" valuation category.

Appropriate individual value adjustments are made for recognisable default risks, while uncollectable receivables are written off. An individual value adjustment of kEUR 11 was made in the Germany segment, while several were made in the UK segment totalling kEUR 14. In the previous year, no such value adjustments were made.

The term structure of receivables is as follows: Of which not written down at the reporting date and overdue in subsequent time periods

Accounts receivable (after valuation allowances) EUR'000	0-90 DAYS	91-180 DAYS	181-360 DAYS	MORE THAN 360 DAYS
as of December 31, 2012	9,335	394	111	0
as of December 31, 2011	8,379	89	51	4

3.8 OTHER ASSETS

Other assets as of December 31, 2012 and 2011 consist of the following:

EUR'000	12/31/2012	12/31/2011
Tax receivables	615	1,265
Interest receivables	593	385
Prepaid expenses	635	489
Other	79	64
	1,922	**2,203**

All other assets are due within 12 months. The interest receivables fall into the "Loans und receivables" valuation category in accordance with IAS 39 and represent realisable financial instruments. They are shown in the following breakdown by maturity:

Interest receivables EUR'000	0-90 DAYS	91-180 DAYS	181-360 DAYS
as of December 31, 2012	121	336	136
as of December 31, 2011	144	133	108

Prepaid expenses include advance payments for rent, Internet connections and insurance.

3.9 EQUITY

3.9.1 SUBSCRIBED CAPITAL

As of December 31, 2012, the Company's subscribed capital amounted to EUR 12,828,450, as in the previous year. It comprised 12,828,450 no-par value bearer shares. These shares have a stated value of EUR 1.00; 25,000 of them belonged to treasury stock.

The shareholders' structure of the Company at the reporting date was as follows:

In thousands	SHARES	IN %
WPP Group (UK) Ltd. (directly and indirectly)	3,581	27.9
Marco Seiler	622	4.9
Andrew Stevens	375	2.9
Free float	8,225	64.1
Treasury stock	25	0.2
	12,828	**100.0**

3.9.2 AUTHORISED AND CONTINGENT CAPITAL

At the Annual General Meeting on May 27, 2011, the resolution regarding a possible increase in common stock was renewed. Accordingly, the Management Board is authorised, subject to the approval of the Supervisory Board, to issue additional ordinary no-par value bearer shares, which may be issued until May 27, 2016. Authorised capital totals EUR 6,000,000.00.

Furthermore, at the Annual General Meeting on May 29, 2009, the Management Board was authorised to issue a maximum of 1,200,000 additional shares (contingent capital) in connection with the employee stock-based compensation plan. A total of 300,000 options were issued in the 2012 financial year. Section 3.10 contains details of the stock option programme.

3.9.3 ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital contains share premiums on the denominated value from the issue of shares by SYZYGY AG.

As in the previous year, there were no effects which had an impact on paid-in capital in 2012.

3.9.4 TREASURY STOCK

On May 28, 2010, the Annual General Meeting authorised the Management Board to acquire a maximum of 10 per cent of the Company's outstanding shares until May 28, 2015. Treasury shares do not entitle the Company to any dividend or voting rights. SYZYGY is authorised to resell or call in treasury shares, to offer them to employees of the Company as compensation, or to offer treasury shares to third parties in the course of acquiring companies. As of December 31, 2012, SYZYGY held 25,000 treasury shares, as in the previous year.

3.9.5 OTHER NET INCOME

Other comprehensive income after tax summarised under "Other net income" amounted to kEUR 2,635 (previous year: kEUR -793) in the 2012 financial year and can be attributed mainly to unrealised gains or losses from securities (kEUR 2,202; previous year: kEUR -1,034) and gains from currency translation (kEUR 433; previous year: kEUR 241).

3.9.6 RETAINED EARNINGS

Dividend distributions are based on the distributable equity disclosed in the annual financial statements of SYZYGY AG according to HGB (German Commercial Code). On June 1, 2012, the Annual General Meeting approved a dividend of EUR 0.20 per share, which was distributed starting on June 4, 2012. The remaining retained earnings of kEUR 6,517 (previous year: kEUR 8,220) were carried forward to new account and recorded accordingly in the single-entity financial statements of SYZYGY AG.

As of December 31, 2012, the financial statements of SYZYGY AG showed retained earnings of kEUR 15,037 (previous year: kEUR 9,078).

The consolidated financial statements showed retained earnings of kEUR 16,651 (previous year: kEUR 9,918) as of December 31, 2012.

3.10 STOCK-BASED COMPENSATION

At the Annual General Meeting on May 29, 2009, the Management Board was authorised to issue additional shares (contingent capital) in connection with the employee stock-based compensation plan. In the financial year, the "Stock Option Plan 2012" was approved with effect from June 27, 2012, providing for the issue of up to 1,200,000 options. Of this total, 420,000 options can be issued to members of the Management Board, 420,000 options to Managing Directors of affiliated companies and 360,000 options to employees.

On June 27, 2012, the Company issued a total of 300,000 options at an exercise price of EUR 3.11. Of these options, 40 per cent can be exercised after two years and a further 60 per cent of the options after three years, provided the share price has risen at least 20 per cent over the exercise price. The options expire after 5 years. Instead of issuing shares, the Company may pay in cash the difference between the exercise price and the share price at the time of exercise. The obligations are accordingly recorded as a provision on a pro rata basis.

The parameters used in valuation of the issued options on the basis of the binomial model are as follows:

	12/31/2012
Expected term of the options	1.5 to 2.5 years
Risk-free interest rate	0.30 %
Expected dividend yield	5 %
Expected volatility	30 %
Exercise price	EUR 3.11
Share price as of the balance sheet date	EUR 3.63

When carrying out the valuation, it was assumed that the options would be exercised on the earliest possible date. Volatility is based on the closing prices of SYZYGY shares in the past two years.

Changes in issued options:

EUR	NUMBER	EXERCISE PRICE	OPTION VALUE
As of December 31, 2011	0		
New allocation	300,000	3.11	1.113
Exercised	0		
Expired	0		
As of December 31, 2012	300,000	3.11	1.113

Of the 300,000 options, 120,000 options can be exercised on or after June 27, 2014, and a further 180,000 options on or after June 27, 2015.

Options were neither issued nor exercised in the 2011 financial year.

3.11 ACCOUNTS PAYABLE AND OTHER PROVISIONS

As at December 31, 2012 and 2011, accounts payable and other provisions consisted of:

EUR'000	12/31/2012	12/31/2011
Accounts payable	7,769	8,255
Other provisions:		
– Obligations towards other parties	1,711	1,142
– Personnel-related provisions	943	737
– Investor relations and financial reporting	231	291
	10,654	**10,425**

Obligations towards other parties essentially relate to outstanding invoices, customer bonuses and personnel-related provisions for employee bonuses and holidays. All accounts payable and other provisions are due within one year and can be allocated to the "Financial liabilities at amortized costs" valuation category.

Statement of changes in provisions as of December 31, 2012 EUR'000	BOOK VALUE 1/1/2012	USAGE	REVERSAL	ADDITION	BOOK VALUE 12/31/2012
Obligations towards other parties	1,142	-981	-32	1,582	1,711
Personnel-related provisions	737	-718	0	924	943
Investor relations and financial reporting	291	-291	0	231	231
	2,170	**-1,990**	**-32**	**2,737**	**2,885**

Statement of changes in provisions as of December 31, 2011 EUR'000	BOOK VALUE 1/1/2011	USAGE	REVERSAL	ADDITION	BOOK VALUE 12/31/2011
Obligations towards other parties	715	-567	-116	1,110	1,142
Personnel-related provisions	487	-296	0	546	737
Investor relations and financial reporting	237	-204	0	258	291
	1,439	**-1,067**	**-116**	**1,914**	**2,170**

3.12 TAX LIABILITIES

The breakdown of tax liabilities is shown in the following table:

EUR'000	12/31/2012	12/31/2011
German VAT	1,014	231
German income taxes	0	433
British VAT	116	46
British income taxes	92	75
	1,222	**785**

The liabilities created as at the previous year's reference date from the above-mentioned tax position were fully repaid in the financial year, at kEUR 785 (previous year: kEUR 2,874).

3.13 OTHER LIABILITIES

The components of other liabilities are detailed in the following:

EUR'000	12/31/2012	12/31/2011
Social security, salary and church taxes	369	355
Option obligations	134	200
Other	180	250
	683	**805**

For Hi-ReS! London Ltd, there is a mutual option to acquire the outstanding 20 per cent of the shares which must be exercised by 2015 at the latest. Due to the long time span, the mutual option is shown as a non-current liability.

The following table shows the maturities of other liabilities and non-current liabilities as at December 31, 2012:

EUR'000	< 1 YEAR	1-5 YEARS	5-10 YEARS	INDEFINITE	TOTAL
Other liabilities	549	0	0	0	**549**
Non-current liabilities	0	134	0	0	**134**

The following table shows the maturities of other liabilities and non-current liabilities as at December 31, 2011:

EUR'000	< 1 YEAR	1-5 YEARS	5-10 YEARS	INDEFINITE	TOTAL
Other liabilities	605	0	0	0	**605**
Non-current liabilities	0	200	0	0	**200**

Other liabilities have been valued on the basis of the "Financial liabilities at amortized costs" valuation category.

4. SEGMENT REPORTING

Application of IFRS 8 requires segment reporting in accordance with the Group's management approach. SYZYGY thus bases segment reporting on geographical criteria.

As the holding company, SYZYGY AG mainly delivers services to the operating units and therefore needs to be considered separately. Sales that SYZYGY AG generates with third parties are reported under the Germany segment, as is the pro rata operating income. As in the previous year, the UK segment consists of SYZYGY UK, Unique Digital UK, Hi-ReS! LON and Mediopoly. Germany now comprises Hi-ReS! BER in addition to Hi-ReS! HH, SYZYGY Deutschland and uniquedigital. Hi-ReS! NY is included in central functions and consolidation since the agency is considered to be immaterial due to its low external sales (kEUR 971, previous year: kEUR 681) and total assets (kEUR 198, previous year: kEUR 375).

Both segments offer large global companies an integrated portfolio of corporate Internet solutions: from strategic consulting to project planning, concepts, design and technical realisation. SYZYGY's services are complemented by search engine marketing and online media planning.

The individual segments apply the same accounting principles as the consolidated entity.

The criteria used by SYZYGY AG to assess the performance of the segments include sales and EBIT. Sales in segment reporting comprise sales with third parties and inter-segmentary sales. Transactions between segments, which are charged at market prices, were eliminated.

Segment assets are equivalent to total assets plus the goodwill attributable to the respective segment, less receivables attributable to companies in the same segment.

Segment investments comprise investments in intangible assets and fixed assets.

Segment liabilities correspond to total liabilities excluding equity plus minority shares attributable to the respective segment, less liabilities attributable to companies in the same segment.

12/31/2012 EUR'000	GERMANY	UK	CENTRAL FUNCTIONS AND CONSOLIDATION	TOTAL GROUP
Billings	53,116	24,256	226	**77,598**
Media costs	-32,310	-14,173	0	**-46,483**
Sales	20,806	10,083	226	**31,115**
Of which internal sales	2,670	35	-2,705	**0**
Operating income (EBIT)	2,980	1,064	-1,923	**2,121**
Financial income	61	7	1,215	**1,283**
Assets	21,938	19,796	22,556	**64,290**
Of which goodwill	8,841	10,860	0	**19,701**
Investments	799	84	35	**918**
Depreciation and amortisation	501	173	30	**704**
Segment liabilities	13,082	8,622	-6,459	**15,245**
Employees at the balance sheet date	177	98	27	**302**

12/31/2011 EUR'000	GERMANY	UK	CENTRAL FUNCTIONS AND CONSOLIDATION	TOTAL GROUP
Billings	49,505	22,190	367	**72,062**
Media costs	-31,487	-11,698	-564	**-43,749**
Sales	18,018	10,492	-197	**28,313**
Of which internal sales	597	281	-878	**0**
Operating income (EBIT)	3,966	1,280	-2,658	**2,588**
Financial income	71	5	1,311	**1,387**
Assets	19,642	20,400	14,019	**54,061**
Of which goodwill	8,841	10,654	0	**19,495**
Investments	1,293	145	14	**1,452**
Depreciation and amortisation	413	195	20	**628**
Segment liabilities	10,352	5,411	-1,639	**14,124**
Employees at the balance sheet date	159	86	24	**269**

SYZYGY generated more than 10 per cent of consolidated sales with one client in the Germany segment. In 2012, SYZYGY generated sales of EUR 3.6 million (previous year: EUR 3.2 million) with this client in the Germany segment.

In the previous year, more than 10 per cent of consolidated sales was also generated with one client in the UK segment.

5. NOTES ON THE STATEMENT OF COMPREHENSIVE INCOME

5.1 SALES

The sales figures include sales from the product areas online marketing and design and technical realisation. The sales figures are arrived at by deducting media costs from billings. Media costs are incurred in the online marketing subsidiaries as transitory items. Billings comprise all gross amounts billed to clients, i. e. on SYZYGY´s own account (Design & Build-segment) as well as on own behalf but on third-party account (Online Media). In 2012, the SYZYGY Group generated sales of kEUR 22,313 from design and technical realisation (previous year: kEUR 21,035) and billings of kEUR 55,757 (previous year: kEUR 51,308) from online marketing. Online marketing includes media costs of kEUR 46,483 (previous year: kEUR 43,749), resulting in sales of kEUR 9,274 (previous year: kEUR 7,559). Internal sales of kEUR 472 (previous year: kEUR 281) were conducted between the product areas.

5.2 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses consist of the following:

EUR'000	2012	2011
Refund of ancillary costs	103	0
Employee usage of company cars	99	78
Release of provisions	34	116
Exchange rate effects	26	102
Subletting	17	0
Other	98	69
	377	**365**

5.3 COST OF PURCHASED SERVICES

The cost of purchased services mainly contains expenses for freelance workers and outsourced services:

EUR'000	2012	2011
Cost of purchased services	3,470	3,350

5.4 PERSONNEL EXPENSES

Personnel expenses, which are included in various items within the consolidated statement of comprehensive income, are as follows:

EUR'000	2012	2011
Salaries and wages	16,754	14,647
Social security	2,332	1,954
	19,086	**16,601**

In 2012, the average number of full-time employees in the SYZYGY Group was 292 (previous year: 264 employees).

By the end of the 2012 financial year, the total number of SYZYGY employees had risen to 302 (previous year: 269). The employees are distributed across the following functional areas within the Company:

Number of persons	2012	2011
Strategy/consulting/ project management	76	65
Online marketing/online media	82	74
Technology	57	49
Design	42	40
Administration	45	41
	302	**269**

5.5 DEPRECIATION AND AMORTISATION

Depreciation and amortisation comprises the following:

EUR'000	2012	2011
Amortisation of intangible assets	52	55
Depreciation of fixed assets	652	573
	704	**628**

5.6 FINANCIAL INCOME

EUR'000	2012	2011
Interest and similar income	1,566	1,090
Income from the sale of securities, net	-295	236
Interest expense and similar expenses	-4	-1
Income from at-equity stakes	16	62
	1,283	**1,387**

Interest and similar income includes interest payments received of kEUR 1,396 (previous year: kEUR 877). In the previous year, income of kEUR 213 due to reversal of impairment losses for permanently impaired securities was also recorded.

Income from the sale of securities includes gains of kEUR 286 (previous year: kEUR 264) and losses of kEUR 581 (previous year: kEUR 28). In the previous year, financial income included a reversal of the fair value reserve amounting to kEUR 233 because sales of securities were realised. In 2010, the market valuation of these securities was recorded in equity such that net income was not affected. Interest expense and similar expenses include interest expenses of kEUR 4 (previous year: kEUR 1).

Interest and similar income, interest expense and similar expenses and income from the sale of securities are all derived in full from the available-for-sale valuation category.

Interest expense includes interest payments of kEUR 4 (previous year: kEUR 1).

The income from at-equity stakes is fully attributable to the after-tax earnings of Ars Thanea for the full 2012 financial year to which SYZYGY AG is entitled. In the previous year, income from at-equity stakes included the after-tax earnings of Ars Thanea for the period August to December 2011 to which SYZYGY AG was entitled.

5.7 INCOME TAXES

EUR'000	2012	2011
Current domestic income taxes	-3,504	785
Current foreign income taxes	278	335
Deferred taxes	-2,392	-23
	-5,618	**1,097**

In Germany, a uniform corporation tax rate of 15 per cent applies. The tax rate amounts to 15.8 per cent when one includes the solidarity surcharge of 5.5 per cent on the corporation tax. The tax rate for trade tax has changed for the SYZYGY AG group due to the allocation of trade tax between the locations Bad Homburg, Frankfurt and Hamburg. As a result, the applicable tax rate for the group parent was 31.0 per cent in the year under review (previous year: 29.3 per cent).

In the UK, there is a general tax rate of 24 per cent since April 1, 2012, compared with 26 per cent in the same period of the previous year.

In the United States, there is a general federal tax of 34 per cent. The addition of local taxes produces an effective tax rate of 45 per cent for 2012. In the 2012 financial year, SYZYGY received an income tax refund of kEUR 5,315 net, in contrast to the kEUR 1,530 in income tax paid in the previous year.

Deferred tax assets and liabilities can be summarised as follows:

EUR'000	2012	2011
Deferred taxes (assets):		
Loss carry-forwards at SYZYGY AG	2,540	0
Provisions	31	35
Fixed assets	31	51
Loss carry-forward at Hi-ReS! NY	0	80
Current assets (securities)	-556	421
Other	0	16
	2,046	**603**

EUR'000	2012	2011
Deferred taxes (liabilities):		
Effects from first-time consolidation of Hi-ReS! LON	47	55
Effects from first-time consolidation of Unique Digital UK	38	0
Fixed assets	4	2
	89	**57**

The deferred tax assets at SYZYGY AG as the parent company are recorded on loss carry-forwards, different useful lives of the assets in IFRS and the tax accounts, and on the different valuations of the provision for Investor Relations; these were offset against deferred tax liabilities resulting from valuation differences for securities. A loss carry-forward at Hi-ReS! NY is no longer recognised since an assertion of the tax claims appears unlikely.

SYZYGY AG estimates that tax loss carry-forwards of kEUR 8,500 will be available within the next five years. The deferred tax liabilities result from first-time consolidation of Hi-ReS! LON and Unique Digital UK and from different useful lives of the assets in IFRS and the tax accounts at SYZYGY UK.

Tax transfer:

EUR'000	2012	2011
Income before taxes	3,404	3,975
Non-deductible expenses	90	25
Taxable income	3,494	4,000
Expected tax expense	1,083	1,172
Tax rate differences	-62	-14
Tax refunds for previous years	-3,619	-39
Use of tax loss carry-forwards and change in the valuation allowance for deferred tax assets	-3,009	0
Other	-11	-22
Tax charge	**-5,618**	**1,097**

The tax rate differences result in particular from an increase in the tax rates in Germany due to a change in the allocation of trade tax caused by a new location in Frankfurt. This results in an average tax rate of 31.0 per cent for Germany, compared to 24 per cent in the UK. Deferred taxes were accounted for using the future tax rates.
As at December 31, 2012 the Group has tax loss carry-forwards that have not yet been used and are usable without restriction. Of the total amount, kEUR 663 is available for corporation tax purposes and kEUR 2,443 for trade tax purposes (previous year: kEUR 0 in each case). No deferred tax assets have been recognised in this respect.
In the 2012 financial year, deferred tax liabilities of kEUR 507 (previous year: deferred tax assets of kEUR 475) were attributable to items that were offset directly against equity. These amounts resulted essentially from taking into account price gains and losses on securities held as current assets such that net income was not affected.

5.8 NOTES ON CURRENCY TRANSLATION

In accordance with IAS 21.52 in conjunction with IAS 39.9, currency translation differences of kEUR 433 (previous year: kEUR 241) are recorded in the statement of comprehensive income such that net income is not affected.

6. OTHER NOTES

6.1 EARNINGS PER SHARE

Earnings per share – diluted and basic – are calculated in accordance with IAS 33 as follows:

EUR'000	2012	2011
Weighted average number of shares (in thsd.) basic	12,803	12,803
Weighted average number of shares (in thsd.) diluted	12,825	12,803
Net income in EUR'000	9,294	2,878
Number of options issued (in thsd.)	300	0
Earnings per share – basic (in EUR)	0.73	0.22
Earnings per share – diluted (in EUR)	**0.72**	**0.22**

6.2 CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows was prepared in accordance with IAS 7 by applying the indirect method. In 2012, operating cash flow amounted to EUR 7.7 million (previous year: EUR 2.0 million). Cash and cash equivalents exclusively comprise liquid assets. Further information is given in the Group Management Report.

In the current financial year, the company has taken the following investing or financing transactions into account, which have not been cash-related and are therefore not reflected in the cash flow:

- The holding has a mutual put-/call-option where a change in valuation causes a decrease in Goodwill in the amount of kEUR 66.

- Issue of options from the employee stock-based compensation plan causes expenses in the amount of kEUR 67 due to the conditions of exercising, these expenses have not yet been cash-related.

- Profits attributable to SYZYGY AG from the at-equity consolidated financial investment in Ars Thanea amounted to kEUR 16 (previous year: kEUR 62). These profits were not distributed in the years of origin and increased the investment book value accordingly.

6.3 RISK AND CAPITAL MANAGEMENT

With regard to assets, liabilities and planned transactions, SYZYGY is subject to risk arising from changes in currency and interest rates as well as the creditworthiness of securities issuers.

6.3.1 CURRENCY RISK

SYZYGY generates nearly 40 per cent of its sales outside Germany, so exchange rate fluctuations between sterling/the US dollar and the euro can affect sales and annual net income positively or negatively in the event of deviation from the rate used for planning purposes. The assets and liabilities of the foreign operating companies are translated into the reporting currency at the balance sheet date and are therefore subject to translation risk. The SYZYGY Group does not hedge this risk. In terms of operations, the Group companies conduct their activities predominantly in their respective functional currency. For this reason, SYZYGY does not enter into any hedging transactions because currency risk does not exceed annual net income/the cash flows of SYZYGY AG. SYZYGY chooses not to hedge these cash flows since the costs and benefits of such cash flow hedges do not appear appropriate and the risk to net assets, financial position and results of operations is regarded as immaterial.

IFRS 7 requires the use of market risk sensitivity analysis to show the effects of hypothetical changes to relevant risk variables on profit or loss and equity. It is assumed that the portfolio as at the reporting date is representative of the year as a whole.

Currency sensitivity analysis is based on the following assumptions:

The major non-derivative financial instruments (liquid assets, receivables, interest-bearing securities, accounts payable and other liabilities) are directly denominated in the functional currency. Changes in exchange rate therefore have no effect on profit or loss and equity.

Interest income and expenses from financial instruments are also recognised directly in the functional currency, so there is no currency risk.

SYZYGY is only exposed to currency risk with regard to net income denominated in foreign currency and the associated distributions.

6.3.2 INTEREST RISK

SYZYGY is only subject to interest risk with regard to securities. There are no financial liabilities which can create interest risk, and liquid assets were invested at variable rates on overnight terms.

Sensitivity analyses regarding interest rate changes must be presented in accordance with IFRS 7. Since SYZYGY classifies securities as available-for-sale as per IAS 39, interest rate changes have no immediate impact on the Company's earnings. Unrealised gains and losses are reported in "Other net income", which is a separate component of equity.

As at the balance sheet date, around EUR 20.7 million (previous year: EUR 12.0 million) was invested in a securities portfolio with a duration of around 6.4 (previous year: 5.7) years. An interest rate change of 100 basis points with regard to the investments would result in a change in the fair value of the portfolio of around 6.4 per cent. This would lead to a change in the fair value of around kEUR 1,325. Increases in interest rates have a negative effect on performance of the portfolio, while decreases have a positive effect.

6.3.3 CREDIT AND DEFAULT RISK – RISK OF CHANGES IN CREDIT SPREADS

SYZYGY is exposed to credit and default risk from operations and also with regard to securities investments. SYZYGY reduces default risk on securities by ensuring that a rating of at least BBB- (i.e. investment grade) is required in the case of new investments. All investments are continually monitored with regard to changes in rating and the investment decision is reviewed. As a matter of policy, maximum exposure to a single issuer is limited to EUR 2.0 million. In the case of new investments with a BBB- rating, exposure is limited to EUR 1.0 million. All securities are also subject to price changes which depend on credit spread changes and the remaining term to maturity. A widening of credit spreads in a risk class leads to a corresponding price decrease, depending on the duration of a security. If the duration of the securities portfolio is 6.4 years and average credit spreads widen by 100 basis points, the portfolio's value would fall by 6.4 per cent. This would lead to a change in fair value of around kEUR 1,325 for SYZYGY.

On the operational side, default risk is continuously monitored at the level of the individual companies. SYZYGY mainly works for large customers with excellent credit ratings and thus did not suffer any bad debts. The volume of receivables due from individual customers is also not such that it involves an exceptional concentration of risk.

The maximum default risk is equivalent to the carrying amounts of financial assets in the balance sheet.

6.3.4 DERIVATIVE FINANCIAL INSTRUMENTS

As in the previous year, in the 2012 financial year SYZYGY did not use derivative financial instruments for risk diversification and portfolio structuring.

6.3.5 CAPITAL MANAGEMENT

SYZYGY's capital management policy is primarily aimed at financing both organic and inorganic growth and ensuring the ongoing course of business in the operating companies. SYZYGY aims to have an equity ratio within the target range of 60 per cent to 80 per cent, since this strengthens the competitiveness of a service provider such as SYZYGY. A further capital management medium-term objective is to raise the return on equity to over 10 per cent. To reach this goal, SYZYGY strives for organic and inorganic growth as well as an increase in profitability.

The key figures with regard to capital management are as follows:

EUR'000	2012	2011
Equity according to the balance sheet	49,045	39,937
Debt capital	15,245	14,124
Total capital	64,290	54,061
Equity ratio	76 %	74 %
Net income for the period	9,022	2,878
Return on equity	**18 %**	**7 %**

SYZYGY does not have any liabilities to banks; debt capital primarily comprises accounts payable, future obligations arising from the acquisition of companies and tax liabilities.

6.3.6 LIQUIDITY RISK

SYZYGY has implemented a liquidity management system. In order to provide financial flexibility and ensure solvency at all times, SYZYGY holds a liquidity reserve in the form of cash and securities that can be converted into cash at any time.

6.4 CONTINGENT LIABILITIES

As at the balance sheet date, the Company's contingent liabilities requiring disclosure amounted to kEUR 319 (previous year: kEUR 300) arising from the provision of rent guarantees for rental space in Bad Homburg, Frankfurt and Hamburg. The risk of a claim being made in relation to the guarantee depends on the ability of the companies occupying the rental space to service the obligations resulting from the tenancy and their business operations. SYZYGY has also granted a guarantee for the operational business relating to a subsidiary's client amounting to kEUR 175. Currently, there is no indication that the subsidiary is unable to fulfil the contract.

6.5 OTHER FINANCIAL OBLIGATIONS

The Group companies have concluded leasing and rental agreements with regard to various office premises and vehicles. The future minimum annual payments resulting from these agreements amount to:

EUR'000	12/31/2012	12/31/2011
Within 1 year	1,682	1,703
1-5 years	4,172	5,192
More than 5 years	816	698
Total	**6,670**	**7,593**

Total expenses for rent in 2012 amounted to kEUR 2,276 (previous year: kEUR 1,625). Income of kEUR 5 was obtained from subletting in 2012 (previous year: kEUR 10). In 2012, kEUR 156 (previous year: kEUR 127) were spent on leasing obligations.

6.6 STATEMENT OF CONTROLLED INVESTMENTS

SYZYGY AG holds direct or indirect investments in the following companies:

	SHARES	EQUITY	NET INCOME
	%	EUR'000	EUR'000
Ars Thanea s.k.a., Warsaw, Poland	26	2,644	63
Hi-ReS! Berlin GmbH, Berlin, Germany	60	-650	-680
Hi-ReS! Hamburg GmbH, Hamburg, Germany[1]	100	26	0
Hi-ReS! London Ltd, London, UK	80	158	38
Hi-ReS! New York Inc, New York City, USA	100	-216	-125
Mediopoly Ltd, Jersey, UK[2]	100	835	255
SYZYGY Deutschland GmbH, Bad Homburg, Germany[3]	100	383	0
SYZYGY UK Ltd, London, UK	100	1,185	104
Unique Digital Marketing Ltd, London, UK	100	1,867	640
uniquedigital GmbH, Hamburg, Germany[4]	100	40	0

1. There is a controlling and profit and loss transfer agreement in place between Hi-ReS! Hamburg GmbH and SYZYGY AG in favour of SYZYGY AG.
2. Mediopoly Ltd. holds 100 per cent of the shares in SYZYGY UK Ltd, which operates in the UK. The holding in SYZYGY UK is therefore indirect.
3. There is a controlling and profit and loss transfer agreement in place between SYZYGY Deutschland GmbH and SYZYGY AG in favour of SYZYGY AG.
4. There is a profit and loss transfer agreement in place between uniquedigital GmbH and SYZYGY AG in favour of SYZYGY AG.

6.7 AUDITOR'S FEE

BDO AG received a total fee of kEUR 81 (previous year: kEUR 75) for auditing the consolidated financial statements and the single-entity financial statements of the parent company. No further work was given to BDO AG Wirtschaftsprüfungsgesellschaft.

6.8 INFORMATION ON ASSOCIATED COMPANIES AND PERSONS

The associated persons include the boards of SYZYGY AG and companies on which SYZYGY can exert a major influence. In principle, all transactions with associated companies and individuals are performed at market conditions.

In 2012, SYZYGY purchased services for client projects amounting to kEUR 30 (previous year: kEUR 77) from Ars Thanea, in which SYZYGY holds 26 per cent of the shares.

On April 25, 2012, Ars Thanea was also granted a loan of kEUR 50 limited to December 31, 2013 at an interest rate of 2.4 per cent p.a. The loan was paid out on the same day. Ars Thanea is obliged to repay the loan by January 4, 2014 at the latest.

With the exception of remuneration for members of the Management Board and compensation for the Supervisory Board, no transactions that were not included in the consolidated financial statements were carried out with associated parties in 2012 and 2011.

6.9 EXEMPTION ACCORDING TO ARTICLE 264 SECTION 3 OF THE HANDELSGESETZBUCH (HGB – GERMAN COMMERCIAL CODE)

Hi-ReS! Hamburg GmbH, SYZYGY Deutschland GmbH and uniquedigital GmbH have availed themselves of the exemption according to Article 264 Section 3 of the HGB (German Commercial Code).

6.10 EVENTS AFTER THE BALANCE SHEET DATE

No material events occurred that could have a material impact on the Company's net assets, financial position or results of operations.

6.11 PARENT COMPANY BOARDS

6.11.1 MANAGEMENT BOARD

MARCO SEILER
Chairman
Managing Director, SYZYGY Deutschland GmbH and Mediopoly Ltd

FRANK WOLFRAM
Management Board (until December 31, 2012)
Managing Director, SYZYGY Deutschland GmbH and Hi-ReS! Hamburg GmbH

ANDREW STEVENS
Management Board
Managing Director, Unique Digital Marketing Ltd. and SYZYGY UK Ltd.

The members of the Management Board do not hold supervisory board membership or any similar positions.

In 2012, total remuneration of the Management Board amounted to kEUR 736 (previous year: kEUR 726). Marco Seiler received a basic salary of kEUR 250 (previous year: kEUR 250) and a variable salary of kEUR 12 (previous year: kEUR 12). Frank Wolfram had a basic salary of kEUR 225 (previous year: kEUR 225) and a variable element of kEUR 11 (previous year: kEUR 11). Andrew Stevens drew a basic salary of kEUR 227 (previous year: kEUR 218 – increase is foreign exchange based) and a variable element of kEUR 11 (previous year: kEUR 10). Neither the basic salary nor the variable element of any of the Board members changed with regard to 2011.

In 2012, Marco Seiler and Andy Stevens each received 120,000 options (previous year: 0 in each case).

6.11.2 SUPERVISORY BOARD

MICHAEL MÄDEL
Chairman
President, J. Walter Thompson Europe, Asia and Africa

ADRIAAN RIETVELD
Supervisory Board Member
(until October 31, 2012)
General Partner, EsNet Ltd.

WILFRIED BEECK
Supervisory Board Member
CEO, ePages Software GmbH

THOMAS STRERATH
Supervisory Board member
(since November 1, 2012)
CEO, Ogilvy & Mather GmbH, Frankfurt

Supervisory Board members Michael Mädel and Wilfried Beeck each received unchanged remuneration of kEUR 15, of which kEUR 15 is fixed in each case, for the 2012 financial year. Supervisory Board members Adriaan Rietveld and Thomas Strerath each received pro rata remuneration in the financial year, with Adriaan Rietveld receiving kEUR 13 and with Thomas Strerath kEUR 2.

6.12 DIRECTORS' DEALINGS

Management Board: Shares [Number of shares]	MARCO SEILER	FRANK WOLFRAM	ANDREW STEVENS	TOTAL
As per December 31, 2011	622,279	5,500	375,000	**1,002,779**
Purchases	0	0	0	**0**
Sales	0	0	0	**0**
As per December 31, 2012	622,279	5,500	375,000	**1,002,779**

Supervisory Board: Shares [Number of shares]	MICHAEL MÄDEL	ADRIAAN RIETVELD	WILFRIED BEECK	THOMAS STRERATH	TOTAL
As per December 31, 2011	0	10,000	120,000	0	**130,000**
Purchases	0	0	0	0	**0**
Sales	0	0	0	0	**0**
As per December 31, 2012	0	10,000	120,000	0	**130,000**

Management Board: Options [Number of shares]	MARCO SEILER	FRANK WOLFRAM	ANDREW STEVENS	TOTAL
As per December 31, 2011	0	0	0	**0**
Additions	120,000	0	120,000	**240,000**
Disposals	0	0	0	**0**
As per December 31, 2012	120,000	0	120,000	**240,000**

The members of the Supervisory Board do not hold any options.

6.13 DISCLOSURES IN ACCORDANCE WITH ARTICLE 160 SECTION 1 NO. 8 OF THE AKTIENGESETZ (AKTG – GERMAN PUBLIC COMPANIES ACT)

DISCLOSURE OF VOTING RIGHTS OF FEBRUARY 15, 2012 UNDER ARTICLE 26 SECTION 1 OF THE WPHG (GERMAN SECURITIES TRADING ACT)

1. On December 23, 2009, the share of voting rights in SYZYGY AG held by Lexington International B.V., Rotterdam, Netherlands, exceeded the thresholds of 10 %, 15 %, 20 % and 25 % and as of this date amounts to 27.90 % (equivalent to 3,580,569 voting rights). Pursuant to article 22 section 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 27.90 % of voting rights (equivalent to 3,580,569 voting rights) are attributed to Lexington International B.V.

   The voting rights attributed to Lexington International B.V. are held via the following companies controlled by Lexington International B.V. whose share of voting rights in SYZYGY AG amounts in each case to 3 % or more: WPP Madrid Square Limited; WPP 2005 Limited; WPP LN Limited; WPP Group (UK) Limited; Arbour Square B.V.; WPP Luxembourg Europe SARL; Vincent Square Holding B.V.; WPP Marketing Communications Germany BV; DSB&K Werbeagentur GmbH

2. On December 23, 2009, the share of voting rights in SYZYGY AG held by WPP Madrid Square Limited, London, United Kingdom, exceeded the thresholds of 3 %, 5 %, 10 %, 15 % and 20 % and as of this date amounts to 21.44 % (equivalent to 2,751,226 voting rights). Pursuant to article 22 section 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 21.44 % of voting rights (equivalent to 2,751,226 voting rights) are attributed to WPP Madrid Square Limited.

The voting rights attributed to WPP Madrid Square Limited are held via the following companies controlled by WPP Madrid Square Limited whose share of voting rights in SYZYGY AG amounts in each case to 3% or more:
WPP 2005 Limited; WPP LN Limited; WPP Group (UK) Limited

3. On January 6, 2011, the share of voting rights in SYZYGY AG held by WPP Luxembourg Germany Holdings 3 Sarl, Luxembourg, Luxembourg, exceeded the thresholds of 3% and 5% and as of this date amounts to 6.46% (equivalent to 829,343 voting rights). Pursuant to article 22 section 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 6.46% of voting rights (equivalent to 829,343 voting rights) are attributed to WPP Luxembourg Germany Holdings 3 Sarl.

   The voting rights attributed to WPP Luxembourg Germany Holdings 3 Sarl are held via the following companies controlled by WPP Luxembourg Germany Holdings 3 Sarl whose share of voting rights in SYZYGY AG amounts in each case to 3% or more: NFO Holding (Luxembourg) S.a.r.l.; NFO (Luxembourg) SARL; WPP Luxembourg Germany Holdings S.à.r.l; WPP Deutschland Holding GmbH & Co. KG; WPP Marketing Communications Germany BV; DSB&K Werbeagentur GmbH.

4. On January 6, 2011, the share of voting rights in SYZYGY AG held by NFO Holding (Luxembourg) S.a.r.l., Luxembourg, Luxembourg, exceeded the thresholds of 3% and 5% and as of this date amounts to 6.46% (equivalent to 829,343 voting rights). Pursuant to article 22 section 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 6.46% of voting rights (equivalent to 829,343 voting rights) are attributed to NFO Holding (Luxembourg) S.a.r.l.

   The voting rights attributed to NFO Holding (Luxembourg) S.a.r.l. are held via the following companies controlled by NFO Holding (Luxembourg) S.a.r.l. whose share of the voting rights in SYZYGY AG in each case amounts to 3 per cent or more: NFO (Luxembourg) SARL; WPP Luxembourg Germany Holdings S.à.r.l; WPP Deutschland Holding GmbH & Co. KG; WPP Marketing Communications Germany BV; DSB&K Werbeagentur GmbH.

5. On January 6, 2011, the share of voting rights in SYZYGY AG held by NFO (Luxembourg) SARL, Luxembourg, Luxembourg, exceeded the thresholds of 3% and 5% and as of this date amounts to 6.46% (equivalent to 829,343 voting rights). Pursuant to article 22 section 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 6.46% of voting rights (equivalent to 829,343 voting rights) are attributed to NFO (Luxembourg) SARL.

   The voting rights attributed to NFO (Luxembourg) SARL are held via the following companies controlled by NFO (Luxembourg) SARL whose share of the voting rights in SYZYGY AG in each case amounts to 3 per cent or more: WPP Luxembourg Germany Holdings S.à.r.l; WPP Deutschland Holding GmbH & Co. KG; WPP Marketing Communications Germany BV; DSB&K Werbeagentur GmbH.

6. On January 6, 2011, the share of voting rights in SYZYGY AG held by WPP Luxembourg Germany Holdings S.à.r.l, Luxembourg, Luxembourg, exceeded the thresholds of 3% and 5% and as of this date amounts to 6.46% (equivalent to 829,343 voting rights). Pursuant to article 22 section 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 6.46% of voting rights (equivalent to 829,343 voting rights) are attributed to WPP Luxembourg Germany Holdings S.à.r.l.

The voting rights attributed to WPP Luxembourg Germany Holdings S.à.r.l are held via the following companies controlled by WPP Luxembourg Germany Holdings S.à.r.l. whose share of voting rights in SYZYGY AG amounts in each case to 3 % or more: WPP Deutschland Holding GmbH & Co. KG; WPP Marketing Communications Germany BV; DSB&K Werbeagentur GmbH.

7. On January 6, 2011, the share of voting rights in SYZYGY AG held by WPP Deutschland Holding GmbH & Co. KG, Munich, Germany, exceeded the thresholds of 3 % and 5 % and as of this date amounts to 6.46 % (equivalent to 829,343 voting rights). Pursuant to article 22 section 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 6.46 % of voting rights (equivalent to 829,343 voting rights) are attributed to WPP Deutschland Holding GmbH & Co. KG.

   The voting rights attributed to WPP Deutschland Holding GmbH & Co. KG are held via the following companies controlled by WPP Deutschland Holding GmbH & Co. KG whose share of voting rights in SYZYGY AG amounts in each case to 3 % or more: WPP Marketing Communications Germany BV; DSB&K Werbeagentur GmbH.

8. On December 15, 2009, the share of voting rights in SYZYGY AG held by WPP Air UK, Dublin, Ireland, fell below the thresholds of 3 %, 5 %, 10 %, 15 %, 20 % and 25 % and as of this date amounts to 0 % (equivalent to 0 voting rights).

9. On December 23, 2009, the share of voting rights in SYZYGY AG held by WPP UK Holdings Limited, WPP Ireland Holdings Limited, both located in Dublin, Ireland, and WPP 2008 Ltd, London, United Kingdom, fell below the thresholds of 3 %, 5 %, 10 %, 15 % and 20 % and as of this date amounts to 0 % (equivalent to 0 voting rights).

DISCLOSURE OF VOTING RIGHTS OF JUNE 29, 2012 UNDER ARTICLE 26 SECTION 1 OF THE WPHG (GERMAN SECURITIES TRADING ACT)

1. On June 29, 2012, Capiton Value Beteiligungs-GmbH, Berlin, Germany, notified us under article 21 section 1 WpHG (German Securities Trading Act) that its share of voting rights in our company fell below the threshold of 3 % on June 27, 2012 and as of this date amounts to 2.54 % (326,308 voting rights).

2. On June 29, 2012, Capiton Value Management AG, Berlin, Germany, notified us under article 21 section 1 WpHG (German Securities Trading Act) that its share of voting rights in our company fell below the threshold of 3 % on June 27, 2012 and as of this date amounts to 2.54 % (326,308 voting rights). Pursuant to article 22 section 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 2.54 % of voting rights (equivalent to 326,308 voting rights) are attributed to Capiton Value Management AG.

   Attributed voting rights are held through the following companies under its control whose share of voting rights in SYZYGY AG is less than 3 % in each case:
   – Capiton Value Beteiligungs-GmbH

3. On June 29, 2012, Capiton Holding GmbH, Berlin, Germany, notified us under article 21 section 1 WpHG (German Securities Trading Act) that its share of voting rights in our company fell below the threshold of 3 % on June 27, 2012 and as of this date amounts to 2.54 % (326,308 voting rights).

   Pursuant to article 22 section 1 sentence 1 No. 1 WpHG (German Securities Trading Act), 2.54 % of voting rights (equivalent to 326,308 voting rights) are attributed to Capiton Holding GmbH.

   Attributed voting rights are held through the following companies under its control whose share of voting rights in SYZYGY AG is less than 3 % in each case:
   – Capiton Value Beteiligungs-GmbH
   – Capiton Value Management AG

6.14 DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH ARTICLE 161, AKTG

The declaration of compliance with the German Corporate Governance Code in accordance with Article 161 of the AktG (German Public Companies Act) was issued on October 30, 2012 and is available to all shareholders on the Company's website.

6.15 DATE OF AUTHORISATION FOR PUBLICATION

The Management Board will submit the consolidated financial statements to the Supervisory Board for approval on March 25, 2013.

RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v. d. H., March 20, 2013
SYZYGY AG

The Management Board

Marco Seiler

Andrew Stevens

INDEPENDANT AUDITORS' REPORT

We have audited the consolidated financial statements prepared by the Syzygy AG, Bad Homburg v. d. Höhe, comprising the statement of financial position, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January 2012 to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to sec. 315a para. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to sec. 315a para. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Frankfurt/Main, March 20, 2013

BDO AG
Wirtschaftsprüfungsgesellschaft

sgd. Dr. Rosien Wirtschaftsprüfer (German Public Auditor)	sgd. ppa. Werner Wirtschaftsprüfer (German Public Auditor)

FINANCIAL CALENDAR 2013

CAPITAL MARKETS DAY, FRANKFURT	/	APRIL 18
INTERIM REPORT AS PER 03/31/2013	/	APRIL 30
GENERAL ANNUAL MEETING, FRANKFURT	/	JUNE 14
INTERIM HALF-YEAR STATEMENT 2013	/	JULY 31
SMALL CAP CONFERENCE (SCC), FRANKFURT	/	AUGUST 26-28
INTERIM REPORT AS PER 09/30/2013	/	OCTOBER 30
GERMAN EQUITY FORUM, FRANKFURT	/	NOVEMBER 11-13
CAPITAL MARKET CONFERENCE (MKK), MUNICH	/	DECEMBER 4-5

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